

Policy on Related Party Transactions

1.1. OBJECTIVE

Nagarjuna Oil Refinery Limited (NORL) has adopted this Policy on Related Party Transactions, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

The Related Party Transaction Policy may be amended at any time and is subject to

- a) amendments to the Companies Act, 2013
- b) further guidance from the SEBI and
- c) consequential actions taken by the Board of Directors or the Audit Committee of the company

The company to the extent possible does ensure that there are no related party transaction and if entered into due to excegenecies, shall enter into the transaction as if entered into between unrelated parties.

No Related Person Transaction may be entered into by the Company, except in accordance with the provisions of this Policy.

1.2. DEFINITIONS

Related Party Transaction: “Related Party Transaction” is a transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged.

Related Party: The definition of Related Party shall be as defined in the Companies Act, 2013 and as mentioned in Clause 49 of the Listing Agreement.

Relative: members of Hindu undivided family, husband, wife, father including step-father, mother including step-mother, son including step-son, Son’s wife, daughter, daughter’s husband, brother including step-brother, sister including step-sister

1.3. OWNER

The Policy on Related Party Transactions was adopted by the Board of Directors on May 29, 2014. Any changes to the Policy on Related Party Transactions must be approved by the Board of Directors.

Questions about the Policy on Related Party Transactions and its application to Related Persons or their Relatives should be directed to the Compliance Officer.

1.4. EFFECTIVE DATE / TRANSITION PERIOD

This Policy is effective immediately.

2.0. PROCEDURES

2.1. NOTIFICATION OF RELATED PARTY TRANSACTIONS

Each Director and KMP and other related party shall promptly notify the Compliance Officer of any material interest that such person or relative of such person had, has or may have in a Related Party Transaction. The notice shall include a description of the transaction and the aggregate amount.

If the Related Party Transaction involves a Director (or relative of a Director), or a KMP (or relative of KMP), the Compliance Officer shall promptly notify the Chairman of the Audit Committee of the Board.

2.2. REVIEW OF RELATED PARTY TRANSACTIONS

The Audit Committee shall be responsible for the review, approval or ratification of the all Related Party Transactions.

No Director or KMP or Senior Management shall participate in any discussion or approval of a Related Party Transaction for which he or she or any member of his or her relative is a Related Person, the Director shall provide all material information concerning the Related Party Transaction to the Audit Committee.

2.3. GENERAL CRITERIA FOR APPROVING RELATED PARTY TRANSACTIONS

In determining whether to approve, ratify, disapprove or reject a Related Party Transaction, the Audit Committee / Board, shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on Arm's Length basis; and the extent of the Related Party's interest in the transaction.

The Audit Committee will review the following information when assessing a Related Party Transaction:

- The terms of such transaction;
- The Related Party's interest in the transaction;
- The purpose and timing of the transaction;
- If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- Information concerning potential counterparties in the transaction;
- The approximate value of the transaction and the approximate value of the Related Party's interest in the transaction;
- Description of any provisions or limitations imposed as a result of entering into the proposed transaction;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
- Any other relevant information regarding the transaction.

2.4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee.

Such Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

Such Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

2.5. **PRIOR APPROVAL OF SHAREHOLDERS**

Companies Act, 2013

- a) In terms of Section 188 of the Companies Act, 2013, Company having paid up capital of Rs.10 Crores or more, to enter into a related party transaction only with the prior consent of the Members by way of Special Resolution.
- b) Further the following transactions shall not be entered into without prior consent of the members by way of special resolution in a General Meeting:
- sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding twenty five percent. of the annual turnover
 - selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent. of net
 - leasing of property of any kind exceeding ten percent. of the net worth
 - availing or rendering of any services directly or through appointment of agents exceeding ten percent. of the net worth
 - appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees
 - remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent. of the net worth

Listing Agreement

- a) All related party transactions (whether at arm's length or not) shall require prior approval of the Audit Committee.
- b) **Material Related Party Transaction**

A transaction with a related party shall be considered 'material' if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the

annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

All material related party transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

3.0. VOTING RIGHTS

- 3.1. The Related Party shall abstain from discussions in the Board Meeting where the related transaction is being discussed
- 3.2. All Related Parties to abstain from voting at the General Meeting where the related transaction is placed before the members for approval.

4.0 REPORTING

- 4.1. All related party transactions (whether at arm's length or not) shall be disclosed in the Board's Report along with details and justification for entering into such transaction.
- 4.2. Details of material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance to the stock exchanges.
- 4.3. The company shall disclose the policy on its website and in the Annual Report.

5.0. NON-COMPLIANCE

- 5.1. Non-compliance shall lead to vacation of the Director and he will be disqualified to act as Director in any company
- 5.2. Contract voidable at the discretion of the Board
- 5.3. Company to proceed against the concerned Director