

**POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY  
TRANSACTIONS**

**(Pursuant to Regulation 23 of SEBI (LODR) Regulation 2015 (as amended) as reviewed,  
revised and adopted by Board in its meeting held on January 12, 2022)**

**Background:**

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the Board of Directors of NB Footwear Limited (the company) at its meeting held on 12 February 2021 had approved a Policy on Materiality of & dealing with related party transactions. SEBI, vide circular dated 9 November 2021, has notified further amendments necessitating changes to be made in the policy, which will be effective from 1 April 2022, unless stated otherwise.

In view of above notifications, the Policy was revised by the Board at its meeting held on January 12, 2022.

**Policy:**

In supersession of the existing Policy, the Policy on Materiality of & dealing with Related Party Transactions, which is to be read together with Regulation 23 of the said Regulations and relevant provisions of the Companies Act, 2013 is accordingly being revised as under:

1. The terms 'Related Party', 'Related Party Transactions', 'Relative', 'Material RPTs', 'Arms' length transaction', 'Omnibus Approval' & such other terms will carry the meaning as stated under the Companies Act, 2013 or SEBI Listing Regulations as amended from time to time.
2. Related Party Transactions (RPTs), **including subsequent material modifications thereof** of the company covered under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations will be approved by the audit committee of the Board and shareholders of the Company, if required, from time to time, subject to such exceptions as are provided therein.

For the above purpose, '**material modifications**' as defined by the Audit Committee would refer to the following:

**Material modification will mean & include any modification to an existing RPT having variance of 20% of the existing limit or Rs. 1 crore whichever is higher, as sanctioned by the Audit Committee/ Shareholders, as the case may be. Provided further that:**

- a related party transaction to which the subsidiary of the company, if applicable, is a party, but the company is not a party, shall require prior approval of the audit committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the company;
- With effect from April 1, 2023, a related party transaction to which the subsidiary of the Company, if applicable, is a party, but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial

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year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

3. Prior Consent of the Board and the Shareholders would be taken in respect of all RPTs, including material modifications thereof, except in the following cases:
  - i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 & Rules thereunder or the SEBI Listing Regulations, as may be applicable;
  - ii. Where the transactions are entered into by the company in its ordinary course of business and are on arms' length basis;
  - iii. Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the company;
  - iv. Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed Rs 1,000 crore or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower;
4. Notwithstanding the above, approval of the Board & shareholders would be necessary, where the RPTs exceed the following threshold limits:

Sr. No.	Description	Threshold limits (Rs. in crore)
1.	Sale, purchase or supply of any goods or materials or securities	1,000 or 10% of turnover of the Company.
2.	Borrowing including by way of deposits	
3.	Selling or otherwise disposing off or buying of any property including by way of lease and license arrangement	
4.	Availing or rendering of any services including lending	

The Chairperson of Board and Audit Committee of the Company are jointly authorised to make changes to this Policy as they may deem fit and expedient, taking into account the law for the time being in force.

The above policy is subject to review from time to time and at least once in every three years