

ALFA ADHI SECURITIES (PVT) LIMITED

RELATED PARTY TRANSACTIONS

(POLICY & PROCEDURES)

Related Party Transactions Policy

Preamble :

The Companies Act, 2017 (Act) read with the Companies (Related Party Transactions & Maintenance of Records) Regulations, 2018 (Rules) and Listed Companies (Code of Corporate Governance) 2017 issued by the Securities & Exchange Commission of Pakistan, introduced specific provisions relating to Related Party transactions and defined the term related parties, (material) related party transactions, relatives and key management personnel.

Accordingly, the Board of Directors (the "Board") of ALFA ADHI SECURITIES (PVT) Limited (the "Company" or "NCL"), has adopted a policy and standard operating procedures to regulate transactions between the Company and Related Parties.

The Policy is applicable to all Related Party Transactions irrespective of their value and size. This Policy is intended to work in conjunction with regulatory provisions and other Company policies including Code of Conduct.

Applicability :

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

Transactions covered by this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as "Related Party Transaction".

Scope & Purpose :

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its Related Party in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee"), shall review and recommend Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

Definitions :

Key managerial personnel", in relation to a company, means

- (i) the chief executive or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director; and
- (iv) the chief financial officer;

Manager means an individual who, subject to the superintendence, control and direction of the board, has the management of the whole of the affairs of a company, and includes a director or any other person, by whatever name called, whether under a contract of service or not.

Related Party means Related Party as defined in the Companies Act, 2017, Code of Corporate Governance 2017 as amended from time to time.

Related Party Transaction means any transaction entered into with related party, as defined in The Companies Act, 2017 and Code of Corporate Governance 2017.

Procedures :

Recommendation of Audit Committee before Board Approval

All Related Party Transactions shall be subject to the prior approval of the Audit Committee of the Board. The approval can be sought at the duly convened Audit Committee meeting or through resolution by circulation.

The details of all related party transactions shall be placed periodically before the Audit Committee of the company and upon recommendations of the audit committee the same shall be placed before the board for review and approval.

The related party transactions, not executed at arm's length price, shall also be placed separately at each board meeting along with necessary justification on recommendation of the Audit Committee of the company. All requirements of Section 208 of the Act shall be complied by the board for approval of such transactions.

In any case where the Audit Committee determines not to ratify a Related Party Transaction it may direct additional actions including, but not limited to, immediate discontinuation, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the BAC has authority to modify or waive any procedural requirements of this Policy.

Maintenance of Records

In order to comply with requirements, set out by the Code, the Company shall maintain a party wise record of transactions, in each financial year, entered into with related parties in that year along with all relevant documents and explanations. The record of related party transactions shall include the following particulars in respect of each transaction:

- Name of related party;
- Names of the interested or concerned persons or directors;
- Nature of relationship interest or concern along with complete information of financial or other interest or concern of directors, managers or key managerial personnel in the related party;
- Timeframe or duration of the transactions or contracts or arrangements;
- Pricing policy;
- Recommendations of the audit committee, where applicable; and
- Amount of transaction; and
- Terms and conditions of transaction, including the amount of consideration received or given
- Any other relevant and material information that is necessary for the board to make a well-informed decision regarding the approval of related party transactions.

Record to be Maintained of Related Party Transactions and Arrangements in which Directors are Interested

NCL shall maintain at its registered office, register with regards to transactions undertaken with related parties and contracts or arrangements in which directors are interested, maintained in chronological order, in the form specified in Annexure –I to this policy

a) Contracts or arrangements, in which any director is, directly or indirectly, concerned or interested, as mentioned under section 205 of the Act; and

b) Contracts or arrangements with a related party with respect to transactions to which section 208 of the Act applies.

Register of contracts or arrangements with related party or in which directors are interested

Date of contract or arrangement	Name of the party with which contract is entered into	Principal terms and conditions	Reference of specific items - (a) to (f) under sub-section (1) of section 208, if applicable	Amount of contract or arrangement
1	2	3	4	5

Name of the interested director	Nature of concern or interest or change therein and relation with the party	Monetary value of interest, if reasonably quantifiable,	Extent of interest, if its monetary value is not reasonably quantifiable	Whether the transaction is at arm's length basis. If not, a brief on deviation from arm's length
6	7	8	9	10

Date of approval at the meeting of the board	No. of directors present in the meeting	Directors voted in favor	Directors voted against	Directors remained neutral
11	12	13	14	15

Date of members' approval, if any	Upon cessation of the Contract / Arrangement, it's status to be mentioned in this column	Remarks
16	17	18

Name of the bodies corporate, firms or other association – as specified pursuant to sub-section (2) of section 209, in which any director is having any concern or interest

Names of the companies /bodies corporate/ firms/ association	Name of the interested director	Nature of interest or concern / change in interest or concern	Shareholding (if any) [No. of shares & percentage]	Date on which interest or concern arose / changed
1	2	3	4	5