

POLICY ON MATERIALITY OF AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. PREFACE

The Board of Directors of “NEIL INDUSTRIES LIMITED” has adopted the following policy and procedures with regard to Related Party Transactions as given below.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations as applicable to the Company.

2. OBJECTIVES

As per requirements of Clause 23(1) of the SEBI (Listing Obligations Disclosure requirements) Regulations, 2015 and listing Agreement as entered by the Company with SEBI this policy is framed and intended to ensure proper approval and reporting of transactions between the Company and its Related Parties.

3. DEFINITIONS

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 and Companies Act, 2013. “**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Executive Director or Chief Executive Officer or manager and in their absence, a whole- time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer.

“**Material Related Party Transaction**” means a transaction or transactions with a Related Party to be entered into individually or taken together with previous transactions during a financial year which exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“**Policy**” means this Policy on Related Party Transactions.

“**Related Party**” shall have the same meaning as defined in Clause 2(zb) of the SEBI (Listing Obligations and Disclosure Requirement), Regulations 2015 according to which an entity shall be considered as related to the Company if:

- i. such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- ii. such entity is a related party under the applicable accounting standards

“**Related Party Transaction**” shall have the same meaning as defined in Clause 2(zc) of the SEBI (Listing Obligations and Disclosure Requirement), Regulations 2015.

“**Relative**” means Relative as defined under the Companies Act, 2013 and means anyone who is related to another, if –

- i. they are members of a Hindu Undivided Family ;
- ii. they are husband and wife ; or
- iii. one person is related to the other in the following manner;
 - a) Father (including step-father).
 - b) Mother (including step-mother).
 - c) Son (including step-son).
 - d) Son’s wife.
 - e) Daughter;
 - f) Daughter’s husband.
 - g) Brother (including step-brother).
 - h) Sister (including step-sister).

4. POLICY

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. Board/ Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Prohibitions related to Related Party Transactions

- a. All Related Party Transactions shall require prior approval of Audit Committee.
- b. 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.

The above clauses shall not be applicable to the following Related Party Transactions and shall not require approval of Audit Committee or Shareholders:

- i. transaction that involves paying compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business;
- ii. transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro-rata as the Related Party;
- iii. transactions entered into between the Company and any of its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for their approval.

Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee falling under the definition of Related Party shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a) Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c) Whether the Related Party Transaction would affect the independence of an independent director;
- d) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification if allowed would be detrimental to the Company; and

e) Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

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

In any case, where the Committee decides not to ratify a Related Party Transaction that has been commenced without its approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. While reviewing any Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

6. DISSEMINATION

Pursuant to SEBI (Listing Obligations and Disclosure Requirement), Regulations 2015, this Policy and any amendment thereto shall be posted on the website of the Company and a web link thereto shall be provided in the Annual Report.