



NEIL INDUSTRIES LIMITED

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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

- “**Arm’s length transaction**” has been defined to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- “**Audit Committee**” means the Audit Committee of the Board constituted under provisions of the Listing Regulations and the Act.
- “**Board**” means Board of Directors of the Company
- “**Key Managerial Personnel**” shall have the meaning as defined in section 2(51) of the Act and other applicable provisions, if any, as amended from time to time.
- “**Material Related Party Transaction**” shall have the meaning as defined in the Applicable Regulatory Provisions.

Without prejudice to the foregoing, at present, as per the explanation to Regulation 23(1) of the Listing Regulations, Material Related Party Transaction means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds **Rs. 1,000 Crores or ten percent** of the annual consolidated turnover of the company as per the last audited financial statements of the Company, **whichever is lower**.

Further, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed **five percent** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- “**Related Party**” means related party as defined in section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations or under the applicable accounting standards, each as amended from time to time.
- “Provided that:
 - (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.”
- “**Related Party Transaction(s)**” refers to those transactions that are covered under the scope of section 188 of the Act and Regulation 2(zc) of the Listing Regulations and any other applicable provisions as amended from time to time.
- “**Material Modification**” means any modification which exceeds 10% of the approved limit of the Related Party Transactions after taking into consideration the revised proposal relating thereto

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.

“The company shall provide the audit committee with the information as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”, while placing any proposal for review and approval of an RPT. “The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013, include the information as part of the explanatory statement as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions. The company shall include the matters (as per the applicability) as prescribed by the SEBI under minimum information to be provided to the Committee or to the Shareholders (as the case may be)”

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 refer 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.

7. AMENDMENTS

This Policy shall be reviewed from time to time and amended as deemed necessary by the Board in line with regulatory updates or changes in Company operations. Any statutory amendments or modifications shall automatically be deemed to be incorporated into this Policy without requiring specific approval.