



POLICY ON MATERIALITY OF
AND DEALING WITH RELATED
PARTY TRANSACTIONS

NEELKANTH LIMITED- POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY pTRANSACTIONS

Preamble

The Board of Directors (the "**Board**") of Neelkanth Limited (the "**Company**"), has adopted the following policy and procedures with regard to the Related Party Transactions as defined below. The Audit Committee shall review and may propose amendments to this policy as may be required.

The policy will be applicable to the Company. This policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable to the Company.

Basic Guidelines

The Code has been framed and adopted by the Company in compliance with the provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**SEBI Listing Regulations**") and such other Rules/Regulations, as may be notified by the Government/ SEBI from time to time and the Companies Act, 2013 (the "**Act**") and the Companies (Meetings of Board and its Powers) Rules, 2014 (the "**Rules**"), as amended from time to time.

Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

Objective

This policy is framed in compliance with Regulation 23 of SEBI Listing Regulations and such other Rules/Regulations, as may be notified by the Government/ SEBI from time to time and Section 188 of the Act and the Rules, as amended from time to time, and other applicable provisions, if any (*collectively referred to as the "**Applicable Regulatory Provisions**"*).

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company, and all Related Party Transactions shall be entered into by the Company in accordance with this Policy or in accordance with the applicable provisions.

Definitions

"Arm's Length Transaction"	shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
"Associate"	shall mean a Company as defined under section 2(6) of the Act and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and by Accounting Standard (AS) 18, "Related party disclosures".
"Audit Committee or Committee"	shall mean the Audit Committee of the Board constituted under Section 177 of the Act and Regulations 18 of the SEBI Listing Regulation;
"Board"	shall mean the Board of Directors of the Company.
"Control"	means control as defined in Section 2(27) of the Act and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
"Key Managerial Personnel"	shall mean the officers of the Company as defined in Section 2(51) of the Act and other applicable provisions, if any, as amended from time to time.
"Policy"	shall mean this Related Party Transaction Policy.
"Material modification"	shall mean any modification, amendment or waiver or supplement or consent with respect to a related party transaction or contract which were approved by the Audit Committee / Board / Shareholders, as the case may be, which is likely to result in variation of more than 20% in the pre-approved related party transaction value or price of such transaction or contract during the year.
"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 SEBI Listing Regulations, this term means a transaction with a related party if (a) the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company,

whichever is lower or (b) 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.

"Ordinary course of business"

shall mean the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

"Relative"

with reference to any person, means who is related to another, if: -

- (i) They are members of a Hindu Undivided Family;
- (ii) They are Husband or wife or
- (iii) One person is related to the another in the following manner, namely:
 - a. Father includes step-father.
 - b. Mother includes step-mother.
 - c. Son includes step-son.
 - d. Son's wife.
 - e. Daughter.
 - f. Daughter's husband.
 - g. Brother includes step-brother.
 - h. Sister includes step-sister.

"Related Party"

as defined under the SEBI Listing Regulation – shall mean a related party as defined under section 2(76) of the Act or under the applicable accounting standards: Provided that:

- a. any person or entity forming a part of the promoter or promoter group of the company; or
- b. any person or any entity, holding equity shares of ten percent or more, in the company directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

Under Section 2(76) of the Act, as referred above, a Related Party with reference to a company means –

- (i) a director or his relative;
- (ii) a Key Managerial Personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds, along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager [Except advice, directions or instructions given in a professional capacity];
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act [except advice, directions or instructions given in a professional capacity]
- (viii) any body corporate which is –
 - (a) a holding, subsidiary or an associate company of such company;
 - (b) a subsidiary of a holding company to which it is also a subsidiary; or
 - (c) an investing company or the venturer of the company;
- (ix) such other person as may be prescribed, who shall mean a director, other than independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

"Related Party Transactions"

as defined under the SEBI Listing Regulation – shall mean a transfer of resources, services or obligations between (i) the Company or any of its subsidiaries on one hand and a related party of the company or any of its subsidiaries on the other hand, (ii) the Company or any of its subsidiaries on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the company or any of its subsidiaries regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Under Section 188 of the Act, contracts or arrangements with related party with respect to:

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

Collectively the Related Party Transaction shall constitute the above.

"Subsidiary"

means a Company as defined under section 2(87) of the Act, and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and by Accounting Standard (AS) 18, "Related party disclosures".

Interpretation

Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.

The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.

In case of any dispute or difference upon the meaning / interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such terms/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

Procedure:

1. Disclosure by Directors

- a. Every director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

- b. Directors are also required to provide information regarding their engagement with another entity during the financial year which may be regarded as a related party according to this Policy.

2. Identification of Transaction with Related Parties

- a. Each director and Key Managerial Personnel are responsible for providing notice to the Company 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. Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.
- b. Each director and Key Managerial Personnel shall make an annual declaration as per the provisions of the Companies Act and the rules framed thereof with respect to Related Party transactions to the Company in the last month ending before the financial year and this declaration shall be placed before the Audit Committee and the Board at their first meeting held at the succeeding financial year.
- c. Any change in the list of Relatives shall be intimated by the Directors and KMPs by way of a fresh declaration to the Company.

Approval of Related Party Transactions & its Material Modifications

a. Approval of Audit Committee

1. Related party transactions and subsequent material modifications will be referred to the next regularly scheduled meeting of the Audit Committee for review and approval. Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction. Further, a related party transaction to which only subsidiary of a company is 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 year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
2. All the transactions which are identified as Related Party Transactions should be preapproved by the Audit Committee before entering into such transaction.
3. The Audit Committee shall consider the following factors while deliberating the

related party transactions for its approval:

- i. Name of party and details explaining nature of relationship;
 - ii. Duration of the contract and particulars of the contract and arrangement;
 - iii. Nature of transaction and material terms thereof including the value, if any;
 - iv. Manner of determining the pricing to ascertain whether the same is on arm's length;
 - v. Business rationale for entering into such transaction; and
 - vi. Any other information relevant or important for the Board to take a decision on the proposed transaction.
4. In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:
 - i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
 - ii. Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - iii. Whether the Related Party Transaction would affect the independence of an independent director;
 - iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - v. 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 is allowed and would be detrimental to the Company;
 - vi. 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.
5. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:
 - i. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit

Committee may deem fit; Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction;

- iv. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given; and
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

b. Approval of Board of Directors

1. In case of Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.
2. Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
3. The policy shall be reviewed by the Board on a yearly basis.

c. Shareholder approval

1. All material related party transactions including material modifications (if any), shall require prior approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
2. All material related party transactions including material modifications to which the only listed subsidiary is a party, subject to applicability of Regulations 23 and 15(2) to such listed subsidiary may be approved the shareholders of the listed subsidiary.
3. If a related party transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in the case of Related Party Transactions which require the approval of shareholders.
4. However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Process for Dealing with Related Party Transactions

1. A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.
2. Basis the above-mentioned list of related parties, every department shall, prior to entering into any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.
3. The contract / arrangement shall not be entered into without the necessary approval from the Audit Committee / Board / shareholders, as the case may be. Compliance with this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

Reporting of Related Party Transactions

1. Every contract or arrangement which is required to be approved by the Board / shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
2. The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
3. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.
4. The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

Amendments to the Policy

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any subsequent amendment / modification in the Act or the SEBI Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.
