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RELATED PARTY TRANSACTION POLICY*

(As approved by the Board at its meeting held on 29th April, 2022)

("RPT")

Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations')

**This Policy shall come into effect from 1st April, 2022
and overrides the existing previous policy of the Company**

1. INTRODUCTION:

The Securities and Exchange Board of India ("SEBI") has, in order to protect the interests of **NEL HOLDINGS SOUTH LIMITED** (the "Company") recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company's and its stakeholders' best interest.

The Company must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, this policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors' and by the Audit Committee of the Board in order to set forth the procedures under which certain transactions must be reviewed or ratified.

The equity listing agreement with stock exchanges mandates formulation of a policy on transactions with related parties and dealing with Related Party Transactions. As part of its Corporate Governance practices, the Board of Directors (the "Board") **NEL HOLDINGS SOUTH LIMITED** has adopted the following policy and procedure with regard to Related Party Transactions. The Board reserves the right to review and amend this policy from time to time based on the recommendation(s) received from the Audit Committee and/or amendments or modifications in the applicable laws.

2. APPLICABILITY AND EFFECTIVE DATE

This policy will be applicable to the Company with effect from 1st April, 2022 to regulate all prospective transactions between the Company and its Related Parties based to the applicable laws and regulations and subject of review by the Board of Directors from time to time as require by laws.

1. PURPOSE:

This policy was originally framed pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and revised in accordance with the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') read with SEBI's Notification dated May 9, 2018 and Sections 177 and 188 of the Companies Act, 2013 read with Rules made thereunder (the 'Act') including any amendments and /or any modifications thereof and all other notification till November 09, 2021.

It is intended to ensure that the proper approvals are obtained and proper reporting is made of transactions between the Company and its Related Parties. The Company is required to disclose the RPTs in the Financial Statements every year. The policies of the Company concerning transactions with the Related Parties are also required to be disclosed in the Annual Report.

2. DEFINITIONS

"Act" shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Arm's Length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

"Audit Committee" or "Committee" means "Audit Committee" of the Board of Directors of the Company.

"Board of Directors" or "Board" means the Board of Directors of the Company NEL HOLDINGS SOUTH LIMITED.

"Company" means NEL Holdings South Limited

"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 of the Company in terms of the Companies Act, 2013 and the Rules made thereunder and including the following:

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole- time Director;
- Company Secretary;
- Chief Financial Officer; and
- Such other officer(s), as may be prescribed

“Policy” means Related Party Transaction Policy of the Company.

Related party under Section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows:

- (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 is a member or director;
- (v) A public company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital;
- (vi) Anybody 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;
- (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act:

“Related Party” under SEBI (LODR) means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 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:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the Company 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’ means a transaction involving a transfer of resources, services or obligations between:

- (i) a 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; or*

(ii) a 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, with effect from April 1, 2023; 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.

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

(i) payment of dividend;

(ii) subdivision or consolidation of securities;

(iii) issuance of securities by way of a rights issue or a bonus issue; and

(iv) buy-back of securities.

“Material Related Party Transaction” means a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent 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 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Relatives” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under **which** 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 person as;
 - (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)

3. POLICY

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company in accordance with this Policy.

The details of Related Party Transactions shall be provided to the Audit Committee in the format as prescribed under ***Annexure I*** for taking the necessary approval.

Such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

5.1 Identification of potential Related Party Transactions

1. Group Companies: All the Companies in NEL Group will be considered as Related Parties
2. Key Managerial Personnel and connected Related Parties: Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the Disclosure of Interest.

Each Director and Key Managerial Personnel shall also disclose to the Chief Financial Officer of the Company the Related Party Transactions with the Company. The Company/CFO shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the Holding Company/ies or their relative.

3. The Company will identify the potential transactions with the Related Parties.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

3.2 Restrictions for Related Party Transactions :

All RPTs shall require prior approval of Audit Committee. However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions, namely:

- (a) 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;
- (b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- (c) Such omnibus approval shall specify
 - (i) the name/s of the Related Party, nature of RPT, period of RPT, 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 on case to case basis;

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. One Crore** per transaction but shall not include transactions which require prior approval under the Act.

- (d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

5.3 Review and approval of Related Party Transactions:

All related party transactions *subsequent material modifications* shall require prior approval of the audit committee of the Company.

Provided that only those members of the audit committee, who are independent directors of the Company, shall approve such related party transactions in the meeting of Audit Committee.

Provided further that:

- a. *the audit committee of a Company shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;*
- b. *a related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% (ten percent) of the annual consolidated turnover, as per the last audited financial statements of the Company;*
- c. *with effect from April 1, 2023, a related party transaction to which the subsidiary of a Company 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 year, exceeds 10% (ten percent) of the annual standalone turnover, as per the last audited financial statements of the subsidiary;*

- d. *prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.*

Explanation: *For related party transactions of unlisted subsidiaries of a Company as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.*

The Company should provide the required information as per **Annexure 2** to the Audit Committee for its review and approval of all Related Party Transactions.

All existing material related party contracts or arrangements entered into prior to 1st April 2022 and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

All **Material Related Party Transactions** and subsequent material modifications as defined by the audit committee under sub-regulation (2) shall require prior approval of the shareholders through resolution and *no related party shall vote to approve* such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the shareholders of a Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: *For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.*

Provided further that 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 will not require complying with the foregoing approvals.

Also the transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval will not require complying with the foregoing approvals.

The notice being sent to the shareholders seeking approval for any proposed Related Party Transactions shall, in addition to the requirements under the Companies Act, 2013, shall include the information as specified in Annexure 3 as a part of the explanatory statement.

5.4 The Audit Committee shall have the following powers with respect to RPTs:

- To seek information from any employee or authorised persons.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary
- To investigate any Related Party Transaction.
- To ensure that adequate deliberations are held before approving related party transactions and assure that the same are in the interest of the Company.

4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this policy prior to its consummations, 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 may examine the facts and circumstances of the case and take any such action it deems appropriate.

5. GENERAL PRINCIPLES

i) It shall be the responsibility of the Audit Committee to monitor and manage potential conflicts of interest of management, Board Members and Shareholders, including abuse in Related Party Transactions.

ii) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.

iii) The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this policy.

iv) This Policy and any amendments or replacements thereof will be posted on the Company's web site and will also be communicated to all operational employees and other concerned persons of the Company. Nothing in this Policy shall override any provisions of law made in respect of any matter stated herein.

6. DISCLOSURES

- I. Details of all material transactions with Related Parties shall be disclosed to stock exchanges in the specified format from time to time.
- II. The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.
- III. The Company is required to disclose Related Party Transactions in the Board's Report to shareholders of the Company at the Annual General Meeting.
- IV. Details of all Material Related Party Transactions shall be disclosed every six months within fifteen days from the date of publication of its standalone and consolidated financial results.
- V. Details of all Material Related Party Transactions shall be disclosed every six months on the date of publication of its standalone and consolidated financial results.
- VI. Details of all Related Party Transactions of long-term (more than one year) or recurring RPTs shall also be review on an annual basis.
- VII. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with Related Parties.

7. AMENDMENTS IN LAW

Any subsequent amendment/modification in the listing regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

FORMAT FOR DISCLOSURE OF RELATED PARTY TRANSACTIONS EVERY SIX MONTHS

													Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.				
S. No	Details of the party (listed entity /subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction (see Note 5)	Value of the related party transaction as approved by the audit committee (see Note 6a)	Value of transaction during the reporting period (see Note 6b)	In case monies are due to either party as a result of the transaction (see Note 1)		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments			
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost (see Note 7)	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure	Secured/ unsecured
Total (of Note 6b)																	

Notes:

- The details in this format are required to be provided for all transactions undertaken during the reporting period. However, opening and closing balances, including commitments, to be disclosed for existing related party transactions even if there is no new related party transaction during the reporting period.
- Where a transaction is undertaken between members of the consolidated entity (between the listed entity and its subsidiary or between subsidiaries), it may be reported once.
- Listed banks shall not be required to provide the disclosures with respect to related party transactions involving loans, inter-corporate deposits, advances or investments made or given by the listed banks.
- For companies with financial year ending March 31, this information has to be provided for six months ended September 30 and six months ended March 31. Companies with financial years ending in other months, the six months period shall apply accordingly.

INFORMATION TO BE REVIEWED BY THE AUDIT COMMITTEE FOR APPROVAL OF RPTS

The Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

INFORMATION TO BE REVIEWED BY THE SHAREHOLDERS FOR CONSIDERATION OF RPTS

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the Company to the audit committee;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary,
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.