

**NEELAMALAI AGRO INDUSTRIES LIMITED**

(Registered Office : Katary Estate, Katary P.O., Coonoor, Nilgiris District - 643 213, TamilNadu)
Post Box No. 4260, Panampilly Nagar P.O., Ernakulam - 682 036, Kerala
Tele : (0484) 2315312 Fax : (0484) 2312541
Corporate Identity Number (CIN): L01117TZ1943PLC000117
E-Mail : secneelamalai@avtplantations.co.in
Website : www.neelamalaiagro.com

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

[Pursuant to Reg.23 (1) of SEBI (LODR) Regulations, 2015]

**Revised and Approved by Audit Committee and Board of Directors Meeting held on
28th May 2019(w.e.f from April 01, 2019)**

The Board of Directors of Neelamalai Agro Industries Limited [the "Company"], has adopted the following policy and procedures with regard to Related Party Transactions [the "Policy"] as defined below. The said Policy includes materiality thresholds and the manner of dealing with Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules there under and the SEBI [LODR] Regulations 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

Words and expressions used in this Policy but defined in the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Listing Agreement, or Accounting Standard shall have the meanings respectively assigned to them in that Act or Rules, Listing Agreement or Accounting Standard.

Definitions:

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013

"Board" means the board of directors of the Company "Key Managerial Personnel" or "KMP" shall have the meaning referred to in the Companies Act, 2013

"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 such limit of the annual consolidated turnover of the Company as per the last audited financial statements of the Company in terms of the Listing Agreement in force from time to time.

"Ordinary Course of Business" means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

"Related Party" means, an entity is :

(i) a related party under Section 2(76) of the Companies Act, 2013; or

(ii) a related party under the applicable accounting standards. "Related Party Transaction" means any transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged.

"Relative" means relative as defined under the Companies Act, 2013

Words and expressions used in this Policy shall have the same meanings respectively assigned to them in the following acts / listing agreement / regulations / rules.





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1. The Companies Act, 2013 or the rules framed thereon;
2. Listing Agreement with Stock Exchanges;
3. Securities Contracts (Regulation) Act, 1956;
4. SEBI Act, 1992;
5. SEBI (Issue of Capital and Disclosure Requirements) Regulations;
6. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; 7. SEBI (Prohibition of Insider Trading) Regulations, 1992.

1. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Exempted Wholly Owned Subsidiaries [whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval].
2. In the event such contract(s) or arrangement(s) is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules thereunder, provisions of the Listing Agreement and Accounting Standard and also obtain approval of the Board or its Shareholders, as applicable, for all such contract(s) or arrangement(s).
3. All Material Related Party transaction(s) will be placed for approval of the Shareholders of the Company. A transaction with a Related Party is considered Material if the transaction(s) to be entered into, either individually or taken together with previous transactions with such Related Party during a financial year, exceeds the limits laid down in clauses (a) to (g) of sub-section (1) of section 188.
4. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following conditions:
 - a. The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - b. The indicative base price / current contracted price and the formula for variation in the price, if any; and
 - c. Such other conditions as the Audit Committee may deem fit.

However, the Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

5. Key Managerial Personnel and connected Related Parties: Each Director and KMP shall at the beginning of Financial year disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto during the Financial year as immediately as practicable. The Company shall also identify Related Party Transactions, if any, with Directors or KMP of the holding company/ies or their relatives.
6. Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:
 - a. Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of the subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
 - b. Any 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.



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7. The Company, Audit Committee, or the Board shall comply with applicable provisions of the Companies Act 2013, read with the relevant Rules, Circulars/Clarifications thereof [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], Listing Agreement, or Accounting Standard.
8. Board of Directors shall review the policy at least once every three years and update accordingly.
9. The Board or the Audit Committee may amend this policy from time to time as may be required. Any interpretation, determination or other action taken by the Audit Committee or the Board shall be final and binding on all Parties who have an interest.

