

NEELAMALAI AGRO INDUSTRIES LTD.

Policy on Related Party Transactions

1. Preamble :

The Board of Directors (the "Board") of Neelamalai Agro Industries Limited (the "Company") has adopted the following policy and procedures with regard to Related Party Transactions. The Audit Committee will review and may amend this policy from time to time.

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

2. Purpose :

The policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such Transactions are appropriate only if they are in the best interest of the Company and its share holders. The Company is required to disclose each year in the Financial Statement certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. 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

"Policy" means Related Party Transaction Policy

"Related" means and entity shall be considered as related to the Company if:

- a. Such entity is related party under section 2(76) of the Companies Act, 2013 or
- b. Such entity is related party under applicable accounting standards.

"Related Party Transaction" means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

"Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Relative" means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if :



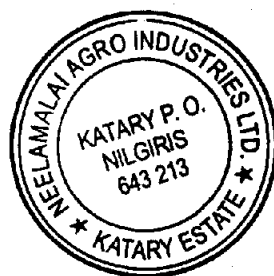
- a. They are members of Hindu undivided family
- b. They are husband wife
- c. Father (including step -father)
- d. Mother (including step-mother)
- e. Son (including step-son)
- f. Son's wife
- g. Daughter
- h. Daughter's husband
- i. Brother (including step-brother)
- j. Sister (including step-sister)

4. Policy:

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

5. Procedures and approval of Related Party Transactions:

1. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee.
2. 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).
3. 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:
 - i. The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into; The value per transaction shall not exceed Rs.1 crore
 - 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.
4. The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.
5. The 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.
6. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
7. In the event any contract or arrangement with a related party 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 framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

8. All material related party transactions, other than those with exempted Wholly Owned Subsidiaries will be placed for approval of the shareholders of the Company.
9. A transaction with a related party is considered material if the transaction /transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company
10. A subsidiary shall be considered as 'material', if the investment of the company in the subsidiary exceeds 25% of its consolidated net worth as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of the company during the previous financial year.

6. Exemptions:

Nothing contained in this policy shall apply to any contract or arrangement:—

- (i) in the ordinary course of its business; or
- (ii) at arms' length price.
- (iii) between the Company and any other partner of the firm in which Director/Manager/Relative is a partner.
- (iv) service availed in a professional capacity from body corporate/person.
- (v) Contract with a private or public company in which relative of a Director/Manager is a Director/member
- (vi) The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:
 - a) transaction(s) done in ordinary course of business at arm's length;
 - b) receipt of remuneration by way of sitting fees;
 - c) re-imburement of expenses for attending board and other meetings;
 - d) any profit related commission as approved by members

