

**NEHA INTERNATIONAL LIMITED**

**Registered Office: Flat No 501, Manbhumi Jade Tower, Rajbhavan Road,  
Somajiguda, Hyderabad- 500082**

**CIN: L01122TG1993PLC015987**

**Tel: +91-40-66364543**

**+91-40-66363504**

**Website: [www.nehainternational.com](http://www.nehainternational.com)**

**Email: [complianceofficer@nehainternational.com](mailto:complianceofficer@nehainternational.com)**

**POLICY ON RELATED PARTY TRANSACTIONS**



## **POLICY ON RELATED PARTY TRANSACTIONS**

### **1. Introduction:**

NEHA INTERNATIONAL Limited (the "Company") recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are fair and on arm's length basis. The Company has been in compliance with various laws and regulations in this regards so far and ensured that such transactions are in the best interest of the Company and shareholders.

The Companies Act, 2013 and the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations") have laid down extensive requirements to be fulfilled in case of Related Party Transactions. Additionally, the Regulations specify that the Company is required to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions. Accordingly this Policy regulates all transactions between the Company and the Related Parties.

Considering the Provisions of Companies Act, 2013 and SEBI(LODR), 2015 Board has formed and approved a policy for Related Party Transactions.

### **2. Definitions:**

(i) "Act" means the Companies Act, 2013 and the rules made thereunder including any modifications, amendments, clarifications, circulars or re-enactments thereof.

(ii) "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.

(iii) "Audit Committee" means the "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

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 five percent of the annual turnover or twenty percent of the net worth of the Company as per the last audited financial statements of the Company, whichever is higher.

- **Related Party Transaction:**

A related party transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

**Under Section 188 of the Act**

Any contract or arrangement with respect to the following shall be considered as a Related Party Transaction:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- appointment of a person to any office or place of profit in the company, its subsidiary company or associate company;
- under writing the subscription of any securities or derivatives thereof of the Company

- **Arms' length transaction:**

Section 188 (1) (Explanation):

The expression "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.

#### 4. Review and approval of Related Party Transactions:

##### *Approval of related party transactions*

##### **A. Audit Committee:**

i) All the transactions which are identified as related party transactions shall be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

ii) Any member of the Audit Committee who has a potential interest in any related party transaction will rescue himself/herself and abstain from discussion and voting on the approval of the related party transaction.

A related party transaction which is:-

(i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders, as the case may be. iii) The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under the provisions of Section 177 of the Act and Rules made thereunder and Regulation 23 of the Regulations, as amended from time to time, and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one financial year.

iv) Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

v) A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

##### **B. Board of Directors:**

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the

Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue

3

himself/herself and abstain from discussion and voting on the approval of the related party transaction

**C. Shareholders:**

If a related party transaction is (i) a material transaction, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Act and the Rules made thereunder (as amended from time to time), it shall require shareholders' approval by a resolution. In such a case, all the related parties shall abstain from voting on such resolutions whether the Company is a related party to the particular transaction or not.

The following criteria shall be taken into account, in determining whether to approve, ratify, disapprove or reject a Related Party Transaction and assessing the Related Party transactions:

- i. whether the Related Party Transaction is entered into on terms no less favorable to the Company than terms generally available to an unrelated third-party under the same or similar circumstances;
- ii. the terms of such transaction;
- iii. the Related Party's interest in the transaction;
- iv. purpose and timing of the transaction;
- v. whether the Company is a party to the transaction, and if no, the nature of the Company's participation in the transaction;
- vi. if the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- vii. information concerning potential counterparties in the transaction;
- viii. approximate rupee value of the transaction and approximate rupee value of the Related Party's interest in the transaction;
- ix. whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- x. any other relevant information regarding the transaction.

## 6. Prior Board approval for certain transactions upto monetary ceiling with Related Parties

The Company shall not enter into below transactions with related parties unless prior approval of the Board of Directors of the Company is obtained by way of resolution passed at a meeting of the Board of Directors of the Company, which shall be subject to monetary ceilings specified therein:

SL. NO.	Nature of Transaction(s)	Monetary Ceiling for transaction(s) during a financial year per related party.
1.	Sale, purchase or supply of any goods or materials or services	2% of annual turnover or 7% of net worth of the Company ( Subject to maximum of Rs. 50 crores in a financial year) as per the last audited financial statements of the company whichever is higher
2.	Selling or otherwise disposing of, or buying, property of any kind	2% of annual turnover or 7% of net worth of the Company ( Subject to maximum of Rs. 50 crores in a financial year) as per the last audited financial statements of the company whichever is higher
3.	Leasing of property of any kind	0.50% of annual turnover or 1% of net worth of the Company ( Subject to maximum of Rs. 5 crores in a financial year) as per the last audited financial statements of the Company, whichever is higher.
4.	Such related party's appointment to any office or place of profit in the Company	As per the performance assessment by the Company and Industry Standards.

5.	Other Related Party transactions in the normal course of business	Such other transactions would be required approval of the Audit Committee and Board of Directors
----	---	--

**7. Disclosures:**

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.

**8. Scope and Limitations:**

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

**9. Amendments:**

**The Board of Directors may, subject to applicable laws, amend any provisions or substitute any provisions with the new provisions or replace the policy entirely with a new policy, as it deem necessary.**