

Related Party Transaction Policy

Adopted by the Board and Audit Committee
(Revalidated by Audit Committee on 14.02.2018)

Preamble

The Board of Directors (the “**Board**”) of **Nelcast Limited** (the “**Company**”) has adopted this Policy and procedure with regard to Related Party Transactions (**RPTs**). The Policy envisages the procedure governing RPTs required to be followed by the Company to ensure compliance with the applicable law and regulation.

The Audit Committee will review this Policy from time to time and propose the amendment required in the policy to the Board of Directors.

1. Purpose

1.1. This policy is formulated in accordance with the requirement of the applicable provisions of the Companies Act, 2013 & Rules made there under, Indian Accounting Standard (IND AS) and the SEBI (Listing Obligations and Disclosure Requirements), 2015 (including any statutory enactments / amendments thereof) entered into by the Company with the Stock Exchanges.

1.2. This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its Related Parties in the best interest of the Company and its Stakeholders.

1.3. Provisions of this policy are designed to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of RPTs, in terms of the applicable laws.

1.4. The Audit Committee shall review, approve and ratify RPTs based on this Policy in terms of the requirements of Companies Act, 2013 and rules framed thereunder and the Listing Agreement.

2. Definitions

“**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of Listing Agreement and Companies Act, 2013.

“Board/Board of Directors” 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 that 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:

1. The Companies Act, 2013 or the rules framed thereon;
2. SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015;
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; and
7. SEBI (Prohibition of Insider Trading) Regulations, 1992.

3. Policy

All RPTs must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

All RPTs shall require approval of Audit Committee. Further, all Material RPTs shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions in accordance with the provisions of Companies Act 2013 and Listing Agreement as amended from time to time.

Provided however that the Transactions entered into between the Company and a wholly owned subsidiary of the Company where:

- (i) the accounts of the subsidiary are consolidated with the Company; and
- (ii) approved by the shareholders at a general meeting

shall not require approval of either Audit Committee or the shareholders.

4. Identification of RPTs

4.1 Each Director, “KMP” and other Related Party shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Audit Committee / the Board of any potential RPT involving him or her or his or her Relative together with additional information about the RPTs that the Audit Committee / the Board reasonably request.

4.2 The Audit Committee / the Board shall determine whether a transaction does, in fact, constitute a RPT requiring compliance with this Policy.

5. Review and approval of RPTs

5.1 All RPTs shall require approval of Audit Committee;

5.2 RPTs shall be referred to the next regularly scheduled meeting(s) of Audit Committee for its review and approval; and

5.3 The Audit Committee, in order to review a RPT, shall be provided with all relevant material information of the RPT, including the terms of the

transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

6. Criteria for approving RPTs

In determining whether to approve a RPT, the Audit Committee shall consider the following factors, among others, to the extent relevant to the RPT:

6.1 Whether the terms of the RPT are fair and on 'arms length basis' to the Company and would apply on the same basis if the transaction did not involve a Related Party;

6.2 Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;

6.3 Whether the RPT would affect the independence of an independent director;

7. RPTs that do not require prior Audit Committee review

7.1 The Audit Committee shall also be entitled to grant omnibus approval ("**Omnibus Approval**") for a class of transactions which are repetitive in nature as per the procedure specified for approving RPTs in this Policy.

7.2 In addition to the criteria specified in paragraph 7.1 above, the Audit Committee shall be required to specify in the Omnibus Approval:

(i) Name(s) of the Related Party, nature, period of transaction and maximum amount of the proposed RPT;

(ii) the indicative base price/current contracted price and the formula for variation in the price if any;

(iii) and such other conditions as the Audit Committee may deem fit; and

(iv) In the event the need for a class of RPTs cannot be foreseen or the details specified in (i) to (iii) above are not available, the Audit Committee may grant Omnibus approval for such RPTs provided each transaction does not exceed 1,00,00,000/- (Rupees one crore only).

7.4 The Omnibus Approvals shall be valid for a period not exceeding one year and shall require fresh approvals from the Audit Committee after the expiry of 1 (one) year from the grant of each approval.

7.5 RPTs that do not require review of Audit Committee

(i) Any transaction involving in providing of compensation to a director, KMP or their relatives in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses, lease rental charges and other charges incurred in the ordinary course of business; and

(ii) 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.

8. RPTs not approved under this Policy

If a RPT is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the RPT.

In connection with any review of a RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.

9. Disclosures

- Every RPT with proper justification shall be disclosed in the Directors Report.
- The company shall disclose the policy on dealing with RPTs on its website and also in the Annual Report.

10. Amendments

This Policy may be amended by the Board at any time and such amendments shall be subject to the provisions of the Companies Act, 2013 and SEBI guidelines issued and amended from time to time.