



NEOLITE ZKW LIGHTINGS LIMITED

(Formerly known as Neolite ZKW Lightings Private Limited)

**POLICY ON MATERIALITY OF RELATED PARTY
TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS**

Under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015

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1. Introduction

Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("**SEBI Listing Regulations**") requires every listed company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

In light of the aforesaid, Neolite ZKW Lightings Limited (formerly known as Neolite ZKW Lightings Private Limited) (hereinafter referred to as the "**Company**") has framed the Policy on Related Party Transactions ("**Policy**"). This Policy has been adopted by the Board of Directors ("**Board**") of the Company in their meeting held on Tuesday 9th December, 2025, based on the recommendation of the Audit Committee.

2. Objectives of the Policy

The objective of this Policy is to set out

- (a) Identification of the Related Parties;
- (b) The materiality threshold for related party transactions;
- (c) Material modification thereof;
- (d) Ensuring proper approval and reporting of transactions between the Company and its related parties;
- (e) The manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

All Related Party Transactions ("**RPT**") should be referred to the Audit Committee of the Company for prior approval. The Audit Committee shall also approve any subsequent modifications of the RPT. The Audit Committee may also grant omnibus approval for certain categories of transactions, which shall be valid for period not exceeding one financial year and shall require fresh approval for the next financial year and shareholders' approval obtained for omnibus approval in the annual general meeting shall be valid upto the date of next annual general meeting for a period not exceeding 15 (fifteen) months.

3. Definitions

- a) "**Act**" shall mean the Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications or re-enactment thereof.
- b) "**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.
- c) "**Associate Company**" means any other company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.
Explanation - for the purpose of this clause, "Significant Influence" means Control of at least twenty per cent of total voting power, or control of or participation in business decisions under an Agreement.
- d) "**Audit Committee**" means a committee of the board of directors of the Company, as constituted from time to time under Section 177 of the Act and read with Regulation 18 of the SEBI Listing Regulations.
- e) "**Board**" means the board of directors of the Company.
- f) "**Company**" means Neolite ZKW Lightings Limited (formerly known as Neolite ZKW Lightings Private Limited)
- g) "**Key Managerial Personnel**" or "**KMPs**" means Key Managerial Personnel as defined under section 2(51) of the Act;
- h) "**Material Related Party Transaction**" means a transaction with a related party as provided in the explanation under regulation 23(1) and 23(1A) of the SEBI Listing Regulations which reads as under:

Regulation 23(1) provides that:

"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 listed entity as per the last audited financial statements of the listed entity, whichever is lower."

Regulation 23(1A) provides that:

"Notwithstanding the above, 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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity".

- i) **"Materiality Threshold"** means limits for related party transactions beyond which approval of the shareholders' as specified in the Act and rules thereof and amendments thereto will be required;
- j) **"Ordinary Course of Business"** means a transaction as may be so determined based on the guiding principles set down under **"Annexure A"**, which may be amended from time to time in accordance with the statutory requirements and other industry practices and guidelines.
- k) **"Policy"** means this policy on Materiality of Related Party Transactions, as amended from time to time.
- l) **"Related Party"** means a related party as defined under Regulation 2(1)(zb) of the SEBI Listing Regulations (as amended from time to time).
- m) **"Related Party Transaction"** means a related party transaction as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations and section 188 of the Act, read with amendments issued from time to time.
- n) **"Relative"** means any person as per Section 2(77) of the Act and rules prescribed there under and as per Regulation 2(1) (zd) of the SEBI Listing Regulations as amended from time to time;

Any term or reference not defined in this policy shall have the same meaning and reference as defined under the Act and SEBI Listing Regulations as amended from time to time.

4. Material Modification of Related Party Transaction:

Material Modification to such RPT means and includes any modification to an existing related party transaction having a variance of 10 % of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be or Rs 1 crore, whichever is higher subject to the conditions as specified in Listing Regulations and Act.

5. Ascertaining And Identification Of Related Party

A. Ascertaining Related Party:

- 5.1 Every director/KMP shall at the beginning of the financial year at the first meeting of the Board in which he participates and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- 5.2 Directors/ KMPs are also required to provide information regarding their engagement with other entity during the financial year which may be regarded as Related Party according to this Policy.
- 5.3 The notice of any potential Related Party Transaction shall be given well in advance to the Audit Committee and shall also contain adequate information about the Related Party Transaction(s). This will provide the Audit Committee members' adequate time and information to consider and review the proposed transaction(s).

- 5.4 All of the subsidiaries of the Company, before entering into a Related Party Transaction which may require approval of the Audit Committee and members of the Company under this Policy, would be required to bring to the attention of the Company about such proposed Related Party Transaction(s), so that the requisite approvals shall be obtained by the Company.
- 5.5 The Company Secretary shall at all times maintain a database of the Company's Related Parties in Management Information System (MIS) and it shall be updated whenever necessary and shall be reviewed in each quarter.

B. Identification Of Related Party:

- 5.6 Each Director and KMP shall disclose to the Company Secretary in form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all persons, entities, firms in which he/she is interested, whether directly or indirectly. The Company shall ensure that no transaction is entered into with any Related Party without requisite approvals.
- 5.7 The Company Secretary shall compile the information received from all concerned and send the information about such Related Parties to the respective functional heads (i.e. accounts, finance, legal, human resources, marketing etc.), business heads and any other concerned person for their information and any necessary action.
- 5.8 Every Director including Managing Director, KMP, CEO/CFO & the Departmental Heads will be responsible for providing prior notice to the Company Secretary/CFO of any potential transaction with Related Party. Notice of any potential Related Party Transaction shall be provided well in advance to the Audit Committee so that it has adequate time to review the proposed Transaction.
- 5.9 The Managing Director & the Departmental Heads shall submit to the Chief Financial Officer the details of all existing/proposed transaction along with supporting information as per Table-A below:-

Table-A	
Details required for Approval of Audit Committee	
Sr. No.	Particulars
1	The name/s of the Related Party
2	Nature of transaction
3	Name of the director or Key Managerial Personnel who is related
4	Period of transaction
5	Nature, material terms and monetary value of the contract or arrangement along with justification;
6	The indicative base price/current contracted price and the formula for variation in the price, if any
7	Such other conditions/ information as required under the Act and Listing Regulations, as amended from time to time

- 5.10 CFO shall submit his notes to the Audit Committee giving his comments as to whether existing/proposed transaction(s) are on arms' length basis and in ordinary course of business.
- 5.11 The Committee will give due consideration to the CFO's notes while deciding whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

6. Approval to Related Party Transactions

6.1 Approval of Audit Committee

All Related Party Transactions including material Related Party Transactions (and subsequent material modifications) will require 'prior approval' of the Audit Committee, provided that only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions. Further, Related Party Transaction to which the subsidiary of the 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

The Audit Committee shall consider the following factors while deliberating the Related Party Transactions for its approval:

- ✓ Name of party and details explaining nature of relationship
- ✓ Duration of the contract and particulars of the contract and arrangement
- ✓ Nature of transaction and material terms thereof including the value, if any;
- ✓ Manner of determining the pricing to ascertain whether the same is on arm's length;
- ✓ Business rationale for entering into such transaction
- ✓ Whether the terms of Related Party Transaction are fair and on arm's length basis?
- ✓ Whether the Related Party Transaction is in the ordinary course of business of the Company or Related Party?
- ✓ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any?
- ✓ Whether the Related Party Transaction would affect the independence of an independent director.
- ✓ Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company and
- ✓ Any other information relevant or important for the Board to take a decision on the proposed transaction.

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company provided that: -

- ✓ a related party transaction to which the subsidiary of the Company is a party but the company is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten (10) per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary
- ✓ 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 the SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in herein above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

Pursuant to Regulation 23(1) of the Listing Regulations, the threshold limits for Related Party Transactions (other than wholly-owned Subsidiaries) for granting omnibus approval by the Audit Committee for each financial year is as under:

Sr. No.	Criteria	Amount
1.	Maximum value of Related Party Transaction (other than wholly-owned subsidiaries), in aggregate, which can be allowed under the omnibus approval route in a year	Upto 10 % of annual consolidated turnover of the Company as per the last audited financial statement
2.	Maximum value per Related Party Transaction (other than wholly-owned subsidiaries) which can be allowed	Upto 20 % of annual consolidated turnover of the Company as per the last audited financial statement

The Audit Committee may grant Omnibus Approval for Related Party Transactions ("**Omnibus Approval**") proposed to be entered into by the Company subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself the need for such Omnibus Approval and that such approval is in the interest of the Company.
- Such Omnibus Approval shall specify (i) the name(s) of the Related Party, nature of transaction, period of transaction, 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.
- 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. 1,00,00,000 (Rupees One crore) per transaction.
- 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.
- Such Omnibus Approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- Omnibus approval shall not be made and shall not be applicable for the following: (i) transaction(s) in respect of selling or disposing off the undertaking of the Company; (ii) transactions which are not at arm's length or not in the Ordinary Course of Business.

6.2 Approval of Board of Directors

Following Related Party Transactions shall require the approval of Board:

- i. The following related party transactions shall further require approval of the Board, either prior to the transaction or approval/ratification within three (3) months from the date of transaction, if not in ordinary course of business or on arm's length basis.
 - (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing of, or buying, property of any kind;
 - (c) leasing of property of any kind;
 - (d) availing or rendering of any services;
 - (e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- ii. Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- iii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at Arm's length basis and decides to refer the same to the Board for approval;
- iv. Where the transaction(s) as specified in Section 188(1) of the Act is not in Ordinary Course of Business and/ or not at Arm's Length; Transactions which are in the Ordinary Course of Business and at Arm's Length basis, but which in Audit Committee's view requires Board approval; and
- v. All Related Party Transactions which are intended to be placed before the shareholders for approval.

6.3 Approval of Shareholders

- 6.3.1. Subject to the provisions of Regulation 23(4) of the SEBI Listing Regulations all material Related Party Transactions shall require prior approval of the shareholders through a resolution passed at the general meeting of the Company and no Related Party shall vote to approve on such resolution whether the Company is a Related

Party to the particular transaction or not. The explanatory statement to be annexed to the notice of a postal ballot or general meeting convened to consider the special resolution to approve a Related Party Transaction shall inter alia contain the following particulars:

- ✓ Name of the related party;
- ✓ Name of the director or key managerial personnel who is related, if any;
- ✓ Nature of relationship; – Nature, material terms, monetary value and particulars of the contract or arrangement;
- ✓ Any other information relevant or important for the members to take a decision on the proposed resolution.

6.3.2. Further, RPTs exceeding the following threshold limits as prescribed under the Act, which are not in the Ordinary Course of Business and not an Arm's Length transaction, shall require prior approval of the shareholders as under:

Sr. No.	Type of contract / arrangement with Related Party	Limits in excess, requiring shareholders' approval
1	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	Equal to or exceeding ten percent (10%) of the Company's turnover
2	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Equal to or exceeding ten percent (10%) of the Company's net worth
3	Leasing of property of any kind	Equal to or exceeding ten percent (10%) of the Company's turnover
4	Availing or rendering of any services, directly or through appointment of agent	Equal to or exceeding ten percent (10%) of the Company's turnover
5	Appointment to any office or place of profit in the Company, its subsidiary or associate company	Monthly remuneration exceeds Rs. 2,50,000/-
6	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding one percent (1%) of the net worth
Note: The turnover or net worth shall be computed on the basis of audited financial statements of the preceding financial year; Limits specified in points (1) to (4) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.		

6.3.3 However, the shareholders' approval is not required for 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 and transactions entered into between the wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. Related Party Transactions Not Approved Under This Policy

- Subject to the provisions of the Act, in the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action as it deems appropriate.
- In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8. Evaluation Process of Related Party Transactions

1. To approve a Related Party Transaction, the Committee/ Board/ Shareholders, shall be provided all relevant material information of such transaction, including the terms and such other details as required under the Act, the Listing Regulations or by the Audit Committee/ Board, as the case may be. While approving a Related Party Transaction, the Audit Committee/ Board will consider the following factors, among others, to the extent relevant:

- a. whether the terms on which Related Party Transaction is proposed are fair and on arm's length basis to the Company;
 - b. whether the Related Party Transaction would affect the independence of an independent director;
 - c. whether the Related Party Transaction includes any potential reputational risk that may arise as a result of or in connection with the proposed transaction; and
 - d. whether the Related Party Transaction would present conflict of interest for any Director or KMP of the Company.
 - e. whenever there is any doubt with regard to transactions with Related Parties and/or the applicable corporate governance requirements, the Audit Committee/ Board shall be entitled to seek a legal opinion/clarification for the same.
2. The Audit Committee shall consider all relevant facts and circumstances regarding a Related Party Transaction placed before it.
3. In the event any Director, KMP or any other employee becomes aware of any Related Party Transaction that has been omitted to be approved by the Audit Committee/ Board/ shareholders or is in deviation of this Policy, such person shall promptly notify the company secretary of the Company, of such transaction, who shall ensure that such transaction is brought to the notice of the Audit Committee or the Board, as applicable, at the earliest.
4. The Audit Committee/ Board shall evaluate such transactions and may decide as it considers appropriate, subject to the Act and the SEBI Listing Regulations, necessary action to be taken, including ratification, revision or termination of the Related Party Transaction

9. Reporting Of Related Party Transactions

The Company shall ensure that the following disclosures are made:

- (i) **Board report-** Particulars of contracts or arrangements with Related Parties;
- (ii) **Corporate governance report (forming part of the annual report)-** Details of all Material Related Party Transactions that may have a potential conflict with the interests of the Company at large;
- (iii) **Website and annual report-** This policy shall be disclosed on the Company's website and in the annual report.
- (iv) The Company shall provide information, as prescribed in the SEBI circular dated November 22, 2021 bearing reference number SEBI/HO/CFD/CMD1/CIR/P/2021/662) for review of the Audit Committee. Further, the aforesaid information shall also be provided to the shareholders for their consideration.
- (v) The Company shall disclose to the stock exchanges, disclosures of RPTs in the format specified by SEBI and publish the same on its website in the following manner:

Sr. No.	Provision effective date	Compliance	Timeline of disclosure
1	April 1, 2023	Disclosure of RPTs to stock exchanges in SEBI prescribed format	Every six (6) months- <i>on the date of publication of standalone and consolidated financial results</i>

10. Disclosure

1. In terms of the provisions of Section 134(3)(h) of the Act, Related Party Transactions shall be disclosed in the Board's report in the prescribed form.
2. Details of all Material Related Party Transactions shall be disclosed in accordance with Regulation 27 of the SEBI Listing Regulations.
3. Details of all Related Party Transactions on a consolidated basis shall be disclosed to the Stock Exchanges, within 15 (fifteen) days from the date of publication of the Company's half yearly, standalone and consolidated financial results in the format specified in the relevant accounting standards and publish the same on its website. From April 1, 2023, such disclosures shall be made every six months on the date of publication of the Company's standalone and consolidated financial results.
4. This Policy shall be disclosed under a separate section on the website of the Company and a web link thereto shall also be provided in the annual report of the Company.
5. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party

11. Amendments

Any modification / amendment of the applicable laws (Act and the SEBI Listing Regulations, relevant circulars) in this regard, shall automatically apply to this Policy.

The company secretary and chief financial officer are jointly authorized to proposed matter to amend this Policy to be made consistent with the prevailing provisions of the Act and the Listing Regulations, which shall be placed before the Audit Committee and Board for their approval.

In case of any interpretation issue on any matter relating to this Policy, the Audit Committee/ Board shall refer the same for legal opinion

Effective Date: 09-12-2025



A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke at the end.