

## **Policy on Related Party Transactions**

The Companies Act, 2013 and the Rules made thereunder, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Industry Standards (as defined herein) including any modifications(s)/amendment(s)/re-enactment(s) thereof, govern the provisions related to Related Party Transactions. To comply with these provisions, the Company has formulated this Policy on dealing with Related Party Transactions and its Materiality.

### **I. Scope**

This Policy shall be applied in:

- (a) Identifying Related Parties, updating and maintaining the database of such Related Parties;
- (b) Identifying Related Party Transactions its materiality and modifications;
- (c) Identifying whether the Related Party Transactions are in the Ordinary Course of business and at Arms' Length in relation to the Related Parties;
- (d) Seeking approval of Audit Committee/Board/Shareholders before entering the Related Party Transactions or seeking ratification as may be applicable;
- (e) Documenting the Arms' Length pricing of transactions and
- (f) Determining the disclosures to be made about these transactions.

### **II. Definitions**

- (a) “**Act**” means the Companies Act, 2013 and the Rules framed thereunder including any modifications, amendments, clarifications, circulars, or re-enactments thereof from time to time.
- (b) “**Audit Committee or Committee**” shall have the same meaning as defined under Section 177 of the Act and the Listing Regulations.
- (c) “**Arm's Length Transaction**” means the transactions carried out between two Related Parties as if they are not related to each other so that there is no conflict of interest.
- (d) “**Board**” means the Board of Directors of the Company as constituted from time to time.
- (e) “**Company**” means Nesco Limited.
- (f) “**Industry Standards**” means the Industry Standards on Minimum Information to be provided for review of Audit Committee and shareholder for approval of Related Party Transaction as notified by SEBI from time to time.
- (g) “**Key Managerial Personnel**” as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.
- (h) “**Listing Regulations**” means the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and agreement signed by the Company and the Stock Exchanges in pursuance thereof as amended from time to time.
- (i) “**Material Related Party Transaction**” means any transaction to be entered into individually or taken together with previous transactions during a financial year exceed

the threshold specified in the Section V of this Policy, dealing with Determination of Materiality of Related Party Transaction.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or to Royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% (five) percent (or such other limit as may be specified in the applicable Regulation as amended from time to time) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- (j) **“Material Modification”** means an amendment to the terms of a Related Party Transaction/agreement the effect of which will be an increase over the already approved limit for that transaction, by 20% (twenty percent). And the Material Modifications shall not apply to transactions specifically exempted under the Said Act and the Listing Regulations.
- (k) **“Net Worth”** means the aggregate value of the paid up share capital and all reserves created out of the profits securities premium account and debit or credit balance of profit and loss account], after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- (l) **“Ordinary Course of Business”** means and include:
- the usual transactions, customs, and practices carried on generally in the business which is carried by the Company and all such activities the Company can undertake as per its Memorandum and Articles of Association. The Audit Committee may lay down principles from time to time for determining the ordinary course of business in accordance with statutory requirements and other industry practices and guidelines however, it shall not include the following transactions:
  - Complex equity transactions such as corporate restructuring or acquisitions, merger, d-merger, and amalgamation.
  - Transactions that may have a material impact on the Company and
  - Such transactions may be considered by the Audit Committee/Board not to be in the ordinary course of business.
- (m) **“Policy”** means this Policy on Related Party Transactions and Dealing with Related Party Transactions as amended from time to time.
- (n) **“Related Party”** means a related party as defined in Section 2(77) of the Act read with Regulation 2 (1) (zb) of the SEBI LODR as amended from time to time.
- (o) **“Related Party Transaction”** means any transaction as defined under Section 188 of the Act, Rules made thereunder the Act, and Regulation 2 (1) (zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from time to time and includes those specifically mentioned in Section 188 of the Act.

- (p) “**Relative**” means a relative as defined under sub-section (77) of Section 2 of the Act and Rules made thereunder.
- (q) “**Transaction**” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.
- (r) “**Turnover**” means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the Company during a financial year.

Any other terms and expressions used but not defined herein, shall have the same meaning as defined in the Act and the Rules made thereunder and the Listing Regulations as amended from time to time.

### **III. Identification of Related Parties**

Every Director shall, at the beginning of the Financial Year or whenever any change occurs, provide information by way of written notice to the Company, regarding their concern or interest in the entity with specific concern to parties which may be considered as a Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as a Related Party as per this Policy. Directors are also required to provide information regarding their engagement with other entities during the financial year which may be regarded as a Related Party according to this Policy. Accordingly, the Company will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

### **IV. Review and approval of Related Party Transaction (RPT)**

#### **Audit Committee approval**

1. As per Regulation 23 of Listing Regulations and Section 177 of the Act, all transactions with a Related Party, all the Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder or SEBI LODR from time to time.

Related Party Transaction to which the subsidiary of a 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 individually or taken together with previous transactions during a financial year:

- i. with effect from April 1, 2022, exceeds 10% (ten per cent) of the annual consolidate turnover, as per the last audited financial statements of the Company; OR
- ii. with effect from April 1, 2023, exceeds 10% (ten per cent) of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Only those members of the Audit Committee, who are Independent Directors, shall approve such Related Party Transactions (RPTs).

Any member of the Committee who has a potential interest in any RPTs will recuse himself and abstain from discussion and voting on the approval of the RPT.

The members of the Audit Committee, who are independent directors, may ratify RPTs within three (3) months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one (1) crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the Listing Regulations
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of Related Party Transactions in terms of the provisions of sub-regulation (9) of Regulation 23 the Listing Regulations;
- (v) any other condition as specified by the Audit Committee.

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

The Chief Executive Officer or Chief Financial Officer or any other KMP of the Company shall certify to the Audit Committee that the RPT(s) to be entered into are at arm's length and in ordinary course of business and not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

2. The Company shall provide the minimum information, for review of the Audit Committee as required and in terms of the Act, Listing Regulations, the Master Circulars issued by SEBI and Industry Standards as notified and amended from time to time.
3. In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:
  - (i) Name of party and details explaining nature of relationship;
  - (ii) Duration of the contract and particulars of the contract and arrangement;
  - (iii) Nature of transaction and material terms thereof including the value, if any;
  - (iv) Manner of determining the pricing to ascertain whether the same is on arm's length
  - (v) Valuation reports referred if any;

- (vi) Business rationale for entering such transaction and
- (vii) Any other information relevant or important to take a decision on the proposed transaction.

The Audit Committee will also deliberate on:

- (i) Whether the terms of the Related Party Transaction are fair and, on an arm's length basis to the Company and in ordinary course of business and would apply on the same basis if the transaction did not involve a Related Party?
  - (ii) Whether there are any compelling business reasons/rationale for the Company to enter the Related Party Transaction and the nature of alternative transactions if any?
  - (iii) Whether the Related Party Transaction would affect the independence of an Independent Director?
  - (iv) Whether the proposed transaction includes any potential risk issues that may arise because of or in connection with the proposed transaction?
  - (v) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company? and
  - (vi) Whether the Related Party Transaction would present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel, or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Audit Committee deems relevant?
  - (vii) Whether the Related Party Transaction should be brought before the Board, or if the Board, in any case, elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances?
4. Omnibus approval for transactions shall be given only if it is determined by the Committee that such transactions of the listed company or its subsidiary:
- (i) are repetitive in nature and that such approval is in (or not inconsistent with) the best interests of the Company and its shareholders.
  - (ii) to be entered into by the Company or by its subsidiary on terms that are comparable to those that would be obtained in arm's length transactions with unrelated third parties.
  - (iii) are in the ordinary course of business and on arm's length basis.
  - (iv) Is not a transaction for selling or disposing of the undertaking of the Company.
  - (v) There is a valid Justification for the need of omnibus approval.

(vi) Or such other condition the Audit Committee may impose before grant of the approval.

The Audit Committee shall after obtaining approval of the Board specify the criteria for making the omnibus approval which shall include the following namely:

Sr. No	Criteria
1	Maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year.
2	Maximum value per transaction which can be allowed.
3	Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
4	Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made.
5	Transactions which cannot be subject to the omnibus approval by the Audit Committee.

The Audit Committee, while granting any such omnibus approvals for Related Party Transactions to be entered into by the listed company or its subsidiary, shall specify the following:

- (i) name of the Related Party and its relationship with the Company and its subsidiary;
- (ii) nature of the transaction;
- (iii) period of the transaction;
- (iv) the maximum amount of transaction that shall be entered into;
- (v) Repetitiveness of the transaction (in past or in future);
- (vi) Justification for the need of omnibus approval;
- (vii) Satisfy itself on the need for omnibus approval for transaction of repetitive nature and such that such approval is in the interest of the Company;
- (viii) indicative base price/current contracted price and the formula for variation in price if any;
- (ix) Minimum Information to be placed before the Audit Committee as required under the Industry Standards and
- (x) Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value, or material terms of the contract or arrangement have been varied/amended. Any proposed variations/amendments to these factors shall require prior approval of the Audit Committee.

Provided that where the need for related party transactions cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions, subject to their value not exceeding Rs. 1 Crore (Rupees One Crore only) per transaction.

The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered by the Company or by its subsidiary pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding 1(one) financial year and shall require fresh approvals after the expiry of such financial year.

5. Prior approval of Audit Committee shall not be required for:

- (i) Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of Listing Regulations are applicable to such listed subsidiary.
- (ii) Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the Audit Committee of the listed subsidiary is obtained.
- (iii) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (iv) Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (v) Remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.
- (vi) Such other exemptions as may be specified in the Act or the Listing Regulations from time to time.

**V. Determination of materiality of related party transactions**

Material Related Party Transactions shall be determined by applying the following criteria:

<b>Category of transactions *</b>	<b>Materiality Thresholds under the Companies Act, 2013(for transactions not in ordinary course of business and not on an arm's length basis)</b>	<b>Materiality Thresholds under the Listing Regulations</b>
Sale, purchase or supply of any goods or materials	Amounting to 10% or more of Turnover	<b>a.Consolidated Turnover of Listed Entity-</b> Upto Rs. 20,000 crores  <b>Threshold:</b> 10% of the annual consolidated turnover of the listed entity.  <b>b.Consolidated Turnover of Listed Entity-</b> More than ₹20,000 Crore to upto Rs. 40,000 Crs.  <b>Threshold:</b> Rs. 2,000 crs +5% of annual consolidated turnover of the listed entity above Rs, 2,000 crs.  <b>c. Consolidated Turnover of Listed-</b> Entity More than Rs. 40,000 Crs.  <b>Threshold:</b> Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above Rs. 40,000 Crore or Rs.5000 Crores, whichever is lower.
Selling or otherwise disposing of, or buying, property of any kind	Amounting to 10% or more of Net Worth	
Leasing of property of any kind	Amounting to 10% or more of Turnover	
Availing or rendering of any services	Amounting to 10% or more of Turnover	
Related Party's appointment to any office or place of profit in the Company, Subsidiary company, or associate Company	monthly remuneration > Rs. 2.5 lakhs	
Underwriting the subscription of any securities or derivatives. subscription of any securities or derivatives thereof, of the company	1% of net worth	

\*The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The Turnover or Net Worth as defined in the Act if referred in the above shall be computed based on the audited financial statement of the preceding financial year.

The concerned related party(ies) which are related to that transaction shall not vote to approve such relevant resolution.

## **VI. Approval of the Board of Directors**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, shall be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with Related Parties are also placed before the Board for its approval:

- (i) 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;
- (ii) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- (iii) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of Section 188 of the Act and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the Directors concerned shall indemnify the company against any loss incurred by it.

## **VII. Approval of the shareholders**

Unless exempted, the Company shall seek prior approval of shareholders for “Material Related-Party Transactions and subsequent Material Modifications” in a general meeting in the year in which the Related Party Transaction is undertaken or by postal ballot process.

The resolution shall be an ordinary resolution, or such resolution as may be required under the Act and the Listing Regulations.

For this purpose, none of the Related Parties of the Company shall vote to approve on such shareholders’ resolution irrespective of whether the entity is a Related Party to the particular transaction or not.

The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall contain information as mentioned in the Act, Listing Regulations, and Industry Standards as notified from time to time.

However, the requirement of shareholders’ prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- (i) transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- (ii) Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- (iii) Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- (iv) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (v) Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

### **VIII. Disclosures**

- (i) The Company shall disclose, in the Board’s report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm’s length basis along with the justification for entering into such transaction and such other disclosures as stipulated under the Act.

- (ii) The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the c.
- (iii) The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, the Act, as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed Related Party Transactions as applicable.
- (iv) The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.

#### **IX. Scope limitation**

In the event of any conflict between the provision of this Policy and of the Listing Agreement/Companies Act, 2013 or any other statutory enactments and the rules, the Act and the Listing Regulations shall prevail over this Policy.

This Policy shall be amended in accordance with the amendments made vide notifications/circulars as may be published in the Official Gazette of India from time to time.

#### **X. Review of Policy**

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and at least once in three (3) years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

#### **XI. Dissemination of the Policy**

The Policy shall be uploaded on the website of the Company at [www.nesco.in](http://www.nesco.in)

6th version of this policy has been reviewed, approved and adopted by the Board of Directors at its meeting held on 27 January 2026.