



NCC Limited

POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms initiated by Indian legislature. The Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges mandates formulation of a Policy on transactions with Related Parties and dealing with Related Party Transactions. As part of the corporate governance practices, the Audit Committee and the Board of Directors (the "Board") of the Company has adopted this Policy and procedure with regard to Related Party Transactions.

Therefore, this Policy for the review and approval of Related Party Transactions has been adopted by the Company's Audit Committee and the Board of Directors in order to set forth the procedure under which certain transactions with related parties must be reviewed and approved or ratified.

2. APPLICABILITY

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

3. PURPOSE

This Policy is framed based on the requirements of the Listing Agreement entered into by the Company with the Stock Exchanges and also to comply with the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

4. DEFINITIONS

"Act" shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Arms 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.

"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 purposes of this clause, 'significant influence means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"Audit Committee or Committee" means Audit Committee of the Board of Directors of the Company.



“Board of Directors or Board” means the Board of Directors of the Company.

“Company” means NCC Limited.

“Key Managerial Personnel” means

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer; and
- (v) such other Officer as may be prescribed;

“Policy” means Policy on Related Party Transactions of the Company.

“Related Party” means a person or an entity

A. as defined under section 2(76) of the Companies Act, 2013 i.e.

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager is a member or director;
- (v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any company which is

- (a) a holding, subsidiary or an associate company of such company; or
- (b) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) such other person as may be prescribed under the Companies Act, 2013 and the Rules framed thereunder

OR

B. which is a related party under the applicable accounting standards

“Related Party Transactions” means transactions in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.



Relatives – “Relative”, with reference to any person, means anyone who is related to another. if—

- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife; or
- iii. one person is related to the other person as
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)

5. POLICY

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. All material Related Party Transactions should be approved by the shareholders of the Company.

5.1. Identification of potential Related Parties:

- i. All the companies in NCC Group will be considered as Related Parties.
- ii. Key Managerial Personnel and connected Related Parties.

All the Directors and Key Managerial Personnel shall disclose to the Company the details of Related Parties.

5.2. Review and approval of Related Party Transactions

Audit Committee:

Every Related Party Transaction shall subject to the provisions of the Companies Act, 2013 and the Rules framed thereunder read with Clause 49 of the Listing Agreement be subject to the prior approval of the Audit Committee whether at a meeting or by Resolution by Circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm’s Length basis, subject to compliance of the conditions contained in Clause 49 of the Listing Agreement.

Any member of the Committee who has potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or as prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Agreement with the Stock Exchanges.



5.3 Omnibus Approval

Audit Committee may grant omnibus approval for Related Party Transactions which are in are repetitive in nature

1. 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;
 - 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.
2. 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.
3. 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.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4. 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.

Board:

If the Committee requires that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and 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.

Shareholders:

All the Material Related Party Transactions shall require approval of the shareholders through a resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.





All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall abstain from voting on such resolution.

MATERIAL RELATED PARTY TRANSACTIONS

A transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the Company.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the 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 Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

The CFO of the Company is authorised to issue necessary guidelines / instructions for implementation of this Policy.

The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

DISCLOSURES

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

AMENDMENTS IN LAW

Any subsequent amendment / modification in the listing agreement and / or other applicable laws in this regard shall automatically apply to this Policy.

