



## NLC INDIA LIMITED

### POLICY ON RELATED PARTY TRANSACTIONS

#### **I. INTRODUCTION**

The Companies Act, 2013("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) have laid down extensive requirements to be fulfilled in case of Related Party Transactions.

Therefore NLC India Ltd., (The Company) has adopted this Policy on Related Party Transactions ("Policy") as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The Audit Committee will review and may amend this policy from time to time.

#### **II. APPLICABILITY**

This policy shall be applicable to all Related Party Transactions between the Company and its Related Parties

#### **III. OBJECTIVE**

The objective of this policy is to set out -

- a) the threshold limit to determine the materiality of Related Party Transactions
- b) the manner of dealing with Related Party Transactions.

#### **IV. DEFINITIONS**

**"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. (Explanation (b) to Section 188 (1) of the Act)

**"Government company"** means any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company. (Section 2(45) of the Act)

**“Related Party”** means related party as defined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), which is as follows:

An entity shall be considered as related to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable accounting standards.

**“Related Party Transactions”** is a transfer of resources, services or obligation 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and encompasses Related Party Transactions as any contract or arrangement with a Related Party with respect to :-

- 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 any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company: and
- Underwriting the subscription of any securities or derivatives thereof, of the company (Sec 188 of the Companies Act,2013)

## **V. MATERIALITY OF RELATED PARTY TRANSACTIONS**

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

## **VI. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

### **A. Identification of related parties**

The Company shall identify Related Parties as per the definition provided in the applicable laws and regulations, including the Act and the SEBI Listing Agreement, as amended from time to time

The Company shall regularly verify and update the Related Party List and review and confirm every quarter in accordance with the applicable laws as prevalent.

### **B. Identification of related party transactions**

The Company will identify and report transactions falling under contracts and arrangements as per applicable laws, entered into with related parties for the approval of the Audit Committee, Board of Directors and Shareholders as applicable.

### **C. Review and Approval of Related Party Transactions**

#### **Audit Committee**

1. Every Related Party Transaction shall have prior approval of the Audit Committee.
2. Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are-
  - i. Repetitive in nature
  - ii. In ordinary course of business
  - iii. Are on arm's length basis and
  - iv. Within the material limits

Audit Committee shall lay down criteria for granting omnibus approval in line with this policy. The omnibus approval, where granted, shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The approval shall specify the following:

- i. Name(s) of the party
- ii. Nature of transaction

- iii. Maximum amount of transactions than can be entered into
- iv. Period of transaction
- v. The indicative base price/current contracted price and the formula for variation in the price, if any
- vi. Any other condition as deemed fit and proper by Audit Committee

Provided that where the need for Related Party Transaction cannot be foreseen and details given above are not available, Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding Rs 1 crore per transaction

Audit Committee shall review at least on a quarterly basis, the details of RPT entered into by the company pursuant to each of the omnibus approval given.

3. Such approval of Audit Committee may be obtained by way of circular resolution or at meeting of the Audit Committee
4. Prior approval of the Audit Committee for Related Party Transactions need not be obtained for:
  - i) Transactions entered into with two government companies.
  - ii) Transactions entered into with wholly owned subsidiary whose accounts are consolidated and placed before the Shareholders at the general meeting for approval

(As provided in Explanation to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations))

### **Board of Directors**

1. All cases where the Related Party Transaction are not in the ordinary course of business and/or are not on arm's length basis but **within** prescribed limits as per Companies (Meetings of Board and its powers) Rules, 2014, shall require approval of Board of Directors at a meeting of the Board (after approval by the Audit Committee).

### **Shareholders**

1. All cases where the Related Party Transaction are not in the ordinary course of business and/or are not on arm's length basis and **beyond** the prescribed limits as per Companies (Meetings of Board and its powers) Rules, 2014, shall require approval of

shareholders through special resolution (after due approval by Board of Directors).

All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

2. However approval of Shareholders shall not be required for the following Material Related Party Transactions :

- i) Transactions entered into with government companies.
- ii) Transactions entered into with wholly owned subsidiary whose accounts are consolidated and placed before the Shareholders at the general meeting for approval

(As provided in Explanation to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations))

**D. DISCLOSURE :**

All documents relating to Related Party Transactions required under Companies Act and hiring agreements shall be made accordingly.

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