

NOCIL Limited

Policy on Related Party Transactions

OBJECTIVE

This Policy is framed as per the requirement of the Companies Act, 2013 and the erstwhile Listing Agreement entered by NOCIL Limited ('the Company' or 'NOCIL') with the Stock Exchanges. The said Listing Agreement has been replaced with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations']. Therefore, the reference to the listing Agreement, wherever made in the Policy has been replaced with Listing Regulations. .

The Policy is modified pursuant to the Companies (Meetings of the Board and its Powers) Second Amendment Rules, 2015 notified by the Ministry of Corporate Affairs on 14th December 2015.

The Policy is intended to ensure that there is proper approval and reporting of transactions between the Company and its related parties.

The Board of Directors (the 'Board') of the Company has adopted the following Policy and Procedures with regard to Related Party Transactions as defined below. The Audit Committee, subject to the approval of the Board, may amend this Policy as required from time to time.

DEFINITIONS

'Related Party', under section 2(76) of the Companies Act, 2013 (read with relevant rules made there under) with reference to a Company means;

- 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 and 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) holding, subsidiary or an associate company of such company; or
 - b) subsidiary of a holding company to which it is also a subsidiary

‘Related Party’, under Listing Regulations is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- i. A person or a close member of that person’s family is related to a company if that person:
 - a) is a related party under Section 2(76) of the Companies Act, 2013; or
 - b) has control or joint control or significant influence over the company; or
 - c) is a key management personnel of the company or of a parent of the company; or
- ii. An entity is related to a company if any of the following conditions applies:
 - a) The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - c) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - d) Both entities are joint ventures of the same third party; or
 - e) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - f) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
 - g) The entity is controlled or jointly controlled by a person identified in (1).
 - h) A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity)

‘Related Party’, as per the Accounting Standard – 18 issued by the Institute of Chartered Accountants of India:

- i. Holding Companies, Subsidiaries and Fellow Subsidiaries;
- ii. Associates and Joint Ventures;
- iii. Individuals (including their relatives)—having voting power giving them control or significant influence
- iv. Key management personnel including their relatives
- v. Enterprises where controlling individual or key managerial personnel has significant influence

'Relative' means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter (including step-daughter)
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

'Related Party Transaction' means any transaction involving transfer of resources, services or obligations between a Company and a Related Party, regardless of whether a price is charged.

'Material Related Party Transaction'–Related Party Transaction will be considered material if the transaction(s) are to be entered into individually or collectively during a financial year exceeding 10% of annual consolidated turnover of the Company as per the last audited financial statements or other higher or lower limits or provisions of law or listing Regulations, as amended from time to time, applicable.

'Audit Committee or Committee' means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

'Board' means Board of Directors of the Company.

'Key Managerial Personnel' means key managerial personnel as defined under the Companies Act, 2013 and includes-

- i. Managing Director or Chief Executive Officer or Manager
- ii. Whole-time Director
- iii. Chief Financial Officer
- iv. Company Secretary

'Policy' means Related Party Transaction Policy.

'Control' shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Related Parties for NOCIL

- i. All Directors and KMPs and their relatives of NOCIL

- ii. Firms in which a Director of NOCIL or his/her relatives are partners or members
- iii. Private companies in which a Director of NOCIL is a Director or member
- iv. Public companies in which a Director of NOCIL is a Director and holds (along with his relatives) more than 2% of the voting capital
- v. All subsidiaries, associate companies and joint ventures of NOCIL

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

1. The Audit Committee of the Board will review and, if appropriate, approve the Related Party Transactions. Accordingly, at first meeting of the Audit Committee in every financial year, management shall present to the Committee the following information with respect to all Related Party Transactions expected to be entered into during that financial year :
 - a) the name of the Related Party and the basis on which such person or entity is a Related Party
 - b) the Related Party's interest in the transactions, including the Related Party's position or relationship with, or ownership of, any entity that has an interest in the transactions
 - c) the approximate rupee value of the transactions and approximate rupee value of the Related Party's interest in the transactions
 - d) a general description of the transactions, including material terms and conditions
 - e) in case of lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or instalments to be made
 - f) in case of loan, aggregate amount of loan and the rate of interest needs to be payable on such loan
 - g) in case of guarantees issued, aggregate amount of guarantees and commission to be payable on such guarantees
 - h) in assessment of whether the transactions are on terms that are comparable to the terms available to unrelated third parties or to employees generally
 - i) any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

- j) to obtain omnibus approval in the interest of the company in respect of transactions which are repetitive in nature and 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 crore per transaction
- v. **Justification for the need of omnibus approval #.**

- k) **Omnibus approval shall not be granted for transactions in respect of selling or disposing off the undertakings of the Company #.**
- l) To review at least on quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given
- m) Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year
- n) Committee will have discretion to vary the above criteria from time to time and case to case basis subject to applicable provisions of clause 49 or any amendment thereto.

After reviewing such information, the members of the Audit Committee (without the participation the Committee member(s) interested in the transaction, if any) shall approve or disapprove such transactions. Approval of such transactions shall be provided only if it is determined by the Committee that such transactions are;

- a) in (or not inconsistent with) the best interests of the Company and its shareholders
- b) to be entered into by the Company (or its subsidiary or associate entity) on terms that are comparable to those that would be obtained in arm's length transactions with unrelated third parties

(# - Added pursuant to the Companies (Meetings of the Board and its Powers) Second Amendment Rules, 2015)

- c) In the ordinary course of the business of the Company. ('Ordinary course of business for this purpose will cover the businesses of NOCIL group and usual transactions, customs and practices of a business and would include activities to be carried out incidental to or to facilitate the business of NOCIL and is usual or customary to the Company and/or its line of business).
2. **Transactions exceeding the maximum value for omnibus approval, should be placed before the Board.**
 3. No member of the Audit Committee shall participate in the review, consideration or approval of any Related Party Transaction with respect to which such member or any of his or her relatives is a Related Party.
 4. If any material information with respect to such transactions shall change subsequent to the Committee's review of such transactions, management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Committee.
 5. If any additional Related Party Transactions are proposed to be entered into subsequent to the Committee's first meeting in the financial year, management shall present such transactions to the Committee for approval before entering into such transaction (which can be taken by calling a meeting or by resolution passed through circulation).
 6. All the Directors are required to declare and disclose his concerns or interests in any Company or Companies or bodies corporate at the first Board meeting in every financial year and subsequently, whenever there is any change in disclosures. In addition, the Directors have to give an undertaking that all business transactions entered into between NOCIL and themselves comply with the terms of this Policy.
 7. Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company are exempted.

APPROVAL OF THE BOARD AND THE SHAREHOLDERS

The Audit Committee shall report all 'Material Related Party Transactions' to the Board of Directors. The Company will also seek shareholders' approval for 'Material Related Party Transactions' and for those exceeding threshold limits specified under Section 188 of the Companies Act, 2013 in the subsequent annual general meeting of the year in which the Related Party Transaction is undertaken or by postal ballot process. The list of such transactions along with their respective limits is annexed to this Policy. The resolution will be an **Ordinary**

resolution and the related parties (if any) will abstain from voting on such resolution.

In case of transactions, which are not ordinary course of business or not at arm's length, approval from the Board will be required

Material transactions will be determined as per the Companies Rules, 2014 and the Listing Regulations as amended from time to time.

Under Listing Regulations , if the related party transactions (whether at arm's length or not) are material then the same needs to be approved through Ordinary resolution by the shareholders at General Meeting. The related parties shall abstain from voting on such resolutions.

DISCLOSURES AND REPORTING

1. Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as part of the Directors' Report.
2. This Policy will also be uploaded on the NOCIL's website and web link there to shall be provided in the Annual Report of NOCIL every year.
3. The Company will also disclose the details of all material Related Parties on a quarterly basis along with the compliance report on corporate governance filed with Stock Exchanges under Regulation 27 of the Listing Regulations.

List of Transactions with Related Parties

Sr. No.	Particulars
1.	<p>Sale, purchase or supply of any goods or materials directly or through appointment of agents individually or taken together with previous transactions during a financial year exceeds</p> <p>10% of the annual consolidated turnover of the Company as per the last audited financial statements of the company</p> <p>Or</p> <p>Rs. 100 Crore, whichever is lower</p>
2.	<p>Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding</p> <p>10% of net worth or Rs. 100 Crore, whichever is lower</p>
3.	<p>Leasing of property of any kind exceeding</p> <p>10% of the net worth or</p> <p>10% of the annual consolidated turnover of the Company as per the last audited financial statements of the company or</p> <p>Rs. 100 Crore, whichever is lower</p>
4.	<p>Availing or rendering of any services directly or through appointment of agents exceeding</p> <p>10% of the annual consolidated turnover of the Company as per the last audited financial statements of the company or Rs. 50 Crore, whichever is lower</p>
5.	<p>Appointment related party to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration exceeding Rs. 2,50,000/-</p>
6.	<p>Remuneration to related party for underwriting the subscription of any securities or derivatives thereof of the Company exceeding 1% of the net worth</p>