

# **NOCIL LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

**Approved by Board of Directors on 06.11.2014**

**Amended by Board of Directors on 27.01.2016**

**Amended by Board of Directors on 30.03.2022**

## **NOCIL Limited**

### **Policy on Related Party Transactions**

#### **I. OBJECTIVE**

This Policy is modified/revised as per the requirements of the Securities & Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI Notification Nos- SEBI/LAD-NRO/GN/2021/55 dated 9<sup>th</sup> November 2021 and SEBI /HO/CFD/CMD1/CIR/P/2021/662 dated 22<sup>nd</sup> November 2021 ( hereinafter referred to as the Listing Regulations) and pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 ( as amended from time to time) and the applicable Rules under the Companies ( Meetings of the Board and its Powers)Second Amendment Rules, 2015 notified by the Ministry of Corporate Affairs on 14<sup>th</sup> December 2015 and all such other Rules & Regulations, as may be applicable in this regard

This Policy replaces the previous Policy which was approved by the Board of NOCIL Ltd ( hereinafter referred to as NOCIL/ the Company ) at its meeting held on 27<sup>th</sup> January 2016 and shall come into force w.e.f 1<sup>st</sup> April 2022

This Policy is intended to ensure that NOCIL duly complies with the afore-referred Section(s)/ provisions Rules & Regulations regarding transactions between the NOCIL and its related parties

Based on the recommendations of the Audit Committee, the Board of Directors (the 'Board') of NOCIL 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. However, in event of any amendments to the Listing Regulations or to any of the provisions of the Companies Act, 2013 or to any Rules/Regulations made thereunder and impacting the provisions of this Policy , the same shall be deemed to form a part and parcel of this Policy with immediate effect viz from the date of enforcement of such amendments and the same shall be taken on record and included in the Policy by the Audit Committee and the Board at their subsequent meetings. Appropriate foot notes shall be incorporated in the Policy to indicate the said amendments In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## **II. 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 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 **Body corporate** 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
  - c) **an investing company or venturer of the company\***

➤ **'Related Party', as per the Accounting Standard – 18 issued by the Institute of Chartered Accountants of India ( ICAI)**

- 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', under the Listing Regulations** means a related party as defined under section 2(76) of the Companies Act, 2013 , or under the applicable Accounting Standards and includes any person or entity forming part of the promoter group of the listed entity or any person or any entity , holding equity shares :

- i of 20% or more ; or
- ii of 10% or more, w.e.f 1<sup>st</sup> April 2023

in the listed entity either directly or on a **beneficial interest basis** as provided under section 89 of the Companies Act, 2013, at any time during the immediately preceding financial year **shall be deemed to be related party**

➤ **Related Party Transaction**

**Related party transaction** means a transaction involving a transfer of resources, services, or obligations between:

- i a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- ii **a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023.**

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

➤ **Materiality of Related Party Transactions**

Based on the recommendations of the Audit Committee the Board has approved a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits. The Board shall review this Policy of Materiality at least once every three years and update accordingly. In terms of the said Policy on Materiality :

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 statement, whichever is lower

➤ **Material Modifications of Related Party Transactions**

For the purpose of this Policy, the term “Material Modification” shall mean a modification to a Related Party Transaction, which individually or taken together with previous modifications pertaining to the same Related Party Transaction during a year, exceeds 10% of the approved amount for that transaction.

➤ **‘Audit Committee or Committee’** means Committee of Board of Directors of NOCIL constituted under provisions of Listing Regulations and Companies Act, 2013.

➤ **‘Board’** means Board of Directors of NOCIL.

➤ **‘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 the 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
  - ii Firms in which a Director of NOCIL or his/her relatives are partners
  - 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
  - v (along with his relatives) more than 2% of the voting capital
  - vi All subsidiaries, associate companies and joint ventures of NOCIL

### **III. REVIEW AND PRIOR APPROVAL OF RELATED PARTY TRANSACTIONS BY THE AUDIT COMMITTEE**

- (a) All related party transactions and **subsequent material modifications** shall require prior approval of the audit committee .**Only those members of the audit committee, who are independent directors, shall approve related party transactions ;**
  
- (b) a related party transaction to which the subsidiary of NOCIL is a party, but NOCIL is not a party, shall require prior approval of the audit committee if the value of such transaction whether entered individually or taken together with previous transactions during a financial year exceeds ten per cent of



the annual consolidated turnover, as per the last audited financial statements of NOCIL ;

- (c) With effect from April 1, 2023, a related party transaction to which the subsidiary of a NOCIL is a party, but NOCIL is not a party, shall require prior approval of the audit committee if the value of such transaction whether entered 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;

*Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.]*

#### **IV. OMNIBUS APPROVAL OF RELATED PARTY TRANSACTIONS BY THE AUDIT COMMITTEE**

1. Accordingly, **in the month of March of every Financial Year\***, the 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 instalments, 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
  - (iv) 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 the Listing Regulations.

After reviewing such information, the Independent Directors on the Audit Committee 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
  - 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. Only Independent Directors of the Audit Committee shall participate in the review, consideration or approval of any Related Party Transaction.
  3. 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.
  4. If any additional Related Party Transactions are proposed to be entered into subsequent to the Committee's **meeting in the month of March of every 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).

5. 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.

## **V. APPROVAL OF THE BOARD AND THE SHAREHOLDERS**

The Audit Committee shall report all 'Material Related Party Transactions' to the Board of Directors. In case of transactions, which are not ordinary course of business or not at arm's length, prior approval from the Board will be required ;

All material related party transactions **and subsequent material modifications** as defined by the Audit Committee shall require **PRIOR APPROVAL** of the shareholders and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

**Prior approval of the shareholders of NOCIL shall not be required for a related party transaction to which the listed subsidiary is a party, but NOCIL is not a party.**

**For related party transactions of unlisted subsidiaries of NOCIL , prior approval of the shareholders of the listed subsidiary will suffice.**

NOCIL shall also seek Shareholders' approval for those 'Related Party Transactions' which exceed 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. No related parties shall vote to approve such resolutions.**

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. **No related parties shall vote to approve such resolutions.**

**Prior approval of the Audit Committee, Omnibus approval or Shareholders is not required in the following cases:**

- i transactions entered between a holding company and its owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- ii transactions entered between two owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

## **VI. DISCLOSURES, REPORTING AND REVIEW**

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.

NOCIL shall submit to the stock exchanges disclosures of related party transactions **in the format as specified by SEBI** from time to time, and publish the same on its website:

NOCIL shall make such disclosures every six months **within fifteen days from the date of publication of its standalone and consolidated financial results:**

With effect from 1<sup>st</sup> April 2023 NOCIL shall make such disclosures every six months **on the date of publication of its standalone and consolidated financial results** .

4. **Disclosures in the Annual Report of transactions of the Company with any person or entity belonging to the promoter / promoter group which holds 10 % or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results.**
  
5. **Specific disclosures relating to Loans and advances in the Corporate Governance Report**

NOCIL 's Corporate Governance Report( forming part of the Annual Report) shall disclose details relating to 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount':

The following corporate actions by NOCIL , which are uniformly applicable /offered to all shareholders in proportion to their shareholding shall not be treated as Related Party transactions :

- Payment of dividend
- Sub-division or consolidation of securities
- Issue of Bonus or Rights shares
- Buy back of shares

**6. The Company would be required to review the Policy once in three years.**



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 amounting to or exceeds</p> <p><b>10% of the annual consolidated turnover of the Company as per the last audited financial statements of the company</b></p>
2.	<p>Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents amounting to or exceeds</p> <p><b>10% of net worth</b></p>
3.	<p>Leasing of property of any kind amounting to or exceeds</p> <p><b>10 % of the annual consolidated turnover of the Company as per the last audited financial statements of the company</b></p>

4.	<p>Availing or rendering of any services directly or through appointment of agents amounting to or exceeds</p> <p><b>10% of the annual consolidated turnover of the Company as per the last audited financial statements of the company.</b></p>
5.	<p>Appointment of 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>