

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 (Act) and Regulation 23 (1) SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations) as amended from time to time mandate formulation of a Policy on transactions with Related Parties and dealing with Related Party Transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

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 Regulations, and also to comply with the provisions of Section 188 of the Act, 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/ Associate**” shall mean any entity which is an associate under sub-section (6) of section 2 of the Act, or under the applicable accounting standards.

“**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/Listed Entity**” means NCC Limited.

“Key Managerial Personnel” means key managerial personnel as defined in sub-section (51) of section 2 of the Act, includes:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Chief Financial Officer;
- (iii) the Whole-Time Director;
- (iv) the Company Secretary;
- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) 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 Act, or
- b) as defined under Regulation 2(1) (zb) of the Listing Regulations, or
- c) which is a related party under the applicable Accounting Standards.

“Related Party Transactions” Shall mean those transactions with related parties as defined under the Act, and the rules made thereunder and/or under Regulation 2(1)(zc) of the Listing Regulations, as amended from time to time.

“Relative” – “Relative”, with reference to any person, means to include persons as defined under Section 2(77) of the Act, and Rules made thereunder.

“Material transaction” means a transaction with a Related Party where any 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 Company as per the last audited financial statements, whichever is lower.

A transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the said transaction to be entered into individually or taken together with the previous transactions during a financial year, exceed 5 (five) percent of the annual consolidated turnover of the Company as per the last audited financial statements.

“Ordinary/Normal Course of business” for the purpose of this RPT Policy, shall include those transactions which are entered in accordance with the business objectives of the Company as included in the objects clause of the Memorandum of Association of the Company and necessary for Company’s operations and includes but not limited to activities that are normal/incidental and/or facilitative activities of the business of the Company. The satisfaction of any of the following tests shall determine whether a transaction is in the ‘ordinary course of business’ of the Company:

- (i) The activity in question should be in furtherance of the business objectives of the Company and there should be a proximity of the activity in question with the normal business activities of the Company.
- (ii) There is a historical practice to carry out such activities;
- (iii) There is a pattern of frequency to conduct such activities over a period of time;
- (iv) The transaction is not an exceptional or extra ordinary activity; and
- (v) It meets any other parameters/criteria as decided by the Audit Committee and/or Board of Directors of the Company.

The tests are not exhaustive, and the facts and circumstances of each case would be examined before concluding on the matter.

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:

- a) The Company shall identify related parties as per criteria mentioned in the Act, the Listing Regulations and applicable Accounting Standard. The Company shall also verify the list of related parties before the commencement of each financial year and update the same immediately upon receipt of disclosures at the beginning of every financial year. Any change to the list during the financial year shall be made as and when the Company receives information in this regard.
- b) All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him directly or indirectly. The Audit Committee, in consultation with the CFO and/or Company Secretary, will review and determine whether any transaction with such Party(s) will constitute a Related Party Transaction requiring compliance with this RPT policy.

5.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS - AUDIT COMMITTEE:

- a) Every Related Party Transaction and subsequent material modifications shall be subject to the provisions of the Companies Act, 2013 and the Rules framed thereunder read with SEBI (LODR) Regulations, 2015 as amended from time to time. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature and are in the ordinary course of business and are at Arm's Length basis, subject to compliance of the conditions contained in SEBI (LODR) Regulations, 2015 as amended from time to time.
- b) Any member of the Committee who has potential interest in any Related Party Transaction shall recuse himself and shall not be present during discussions on related party transactions. Only Independent Directors who are members of the Audit Committee shall approve Related Party Transactions.
- c) Related Party Transaction to which the subsidiary of the 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 into 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.

- d) The approval of the Audit Committee of the Company shall not be required for the transactions entered into between the Company and its wholly owned subsidiary or 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.
- e) The approval of the Audit Committee of the Company shall not be required if remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material.
- f) The members of the audit committee, who are independent directors, may ratify related party transactions within three 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 crore.
 - (ii) the transaction is not material
 - (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 as specified in the regulation.
 - (v) any other condition as specified by the audit committee.
- g) 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 Company against any loss incurred by it.
- h) To review/approve 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 as prescribed under the Act and Rules thereunder, and the Listing Regulations as amended from time to time.
- i) The Audit Committee may seek advice of external consultants and experts on determining whether a particular transaction which is being considered by the Audit Committee would be regarded on an arms' length basis or otherwise.
- j) The Statutory Auditors of the Company shall review the Related Party Transactions of the Company periodically basis as per the auditing / reporting requirements and confirm compliance with the applicable provisions of the Act & the Listing Regulations to the Committee.

5.3 OMNIBUS APPROVAL

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

- a) The Audit Committee may, in the interest of the conduct of affairs of the Company or its subsidiary, 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.
- b) The Audit Committee may also, in the interest of the conduct of affairs of the Company or its subsidiary, 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.
- c) The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.
- d) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- e) 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 Act and the Rules framed thereunder and obtain prior approval of the Board or its shareholders, as applicable, for such contract or arrangement.

5.4 BOARD APPROVAL

If the Audit 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. The Board shall approve all the RPTs which are not at arm's length and / or which are not in the ordinary course of business.

5.5 SHAREHOLDERS APPROVAL

All the Material Related Party Transactions under the Listing Regulations shall require prior approval of the shareholders through a resolution and no Related Party/ies with whom transaction is to be entered shall vote to approve such transactions. Further all the Related Party Transactions exceeding such sums as prescribed under Section 188 of the Act and the Rules thereunder, which are not in the ordinary course of business and at Arm's Length basis, shall require the prior approval of the shareholders through a resolution and the Related Party/ies shall not vote to approve the relevant Related Party Transactions.

6. MATERIAL MODIFICATION TO RELATED PARTY TRANSACTIONS

Material modification will mean and include any modification to an existing related party transaction having variance (increase or decrease) of 15% of the approved amount or Rs.1.00 Crore (Rupees One Crore only) **whichever is higher** of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be. All subsequent material modifications to Related Party Transactions shall require prior approval of the audit committee and of the Shareholders, as the case may be.

7. 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 Audit Committee. The Audit 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 adhere to this Policy.

8. DISCLOSURES

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on Corporate Governance. Further the Company shall submit to the stock exchanges disclosures of related party transactions in the format and within the timeline, as specified by SEBI from time to time, and publish the same on its website. 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.

9. AMENDMENTS IN LAW

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

REVISION HISTORY		
REV.NO.	BOARD APPROVAL DATE	REVISION SUMMARY
1	10.11.2015	First Adoption
2	08.02.2022	Amendments in the LODR Provisions
3	10.08.2023	Amendments in the LODR Provisions
4	06.02.2025	Review and Amendment