

# NCL BUIDLTEK LIMITED

(Formerly NCL Alltek & Seccolor Ltd)

## POLICY ON RELATED PARTY TRANSACTIONS

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### 1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under as amended from time to time, NCL Buildtek Limited (Company) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

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### 2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out:

- (a) To spell out the company's policy in respect of transactions with Related Parties, to provide the necessary transparency to all stakeholders;
  - (b) To prescribe the materiality thresholds for related party transactions as required by the SEBI (LODR) Regulations 2015 as and when they become applicable; and;
  - (c) The manner of dealing with transactions between the Company and its related parties based on the Act and any other laws and regulations as may be applicable to the Company.
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### 3. DEFINITIONS

**3.1. "Act"** means the Companies Act, 2013

**3.2. "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

**3.3. "Ordinary course of business"** means a transaction which forms a part of

- Purchase or sale of any materials or products that the company manufactures or deals in;
- Provision or receipt of any services required in course of carrying out the Main Objects of the Company permitted under Memorandum of Association of the Company
- Purchase or lease of property used for carrying out the normal business activity of the company, or for the residential accommodation of its employees,
- Borrowing moneys for utilization in the normal activity of the Company lending surplus amounts available with the company

*All other terms and expressions used in this Policy shall have the same meaning that may be assigned to them in the Companies Act, 2013 or the Rules made thereunder,*

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#### 4. MATERIALITY THRESHOLDS

Rule of 15 of The Companies Rules (Meetings of Board and its Powers), 2014 provides materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. Such thresholds, as applicable from time to time will be applicable for seeking approval of the shareholders for any Related Party Transaction, as required by Section 188.

Subject to the above overall threshold limits, the following further threshold limits within which the Audit Committee is authorized to approve related party transactions:

Type of Transaction	Threshold Limit
Purchase or sale of materials and products to Associate Companies:	5% of Turnover for the previous year
Purchase or sale of materials and products to any other company in which individual directors are interested	2% of Turnover for the previous year.
Purchase or sale of materials and products to any entity in which individual director/KMPs are interested	1% of Turnover for the previous year.
Provision or receipt of any service with a Related Party	1% of Turnover for the previous year.
Sale or lease of any property to Related Parties	2% of the Net Worth of Company as per audited accounts of the last financial year.
Lease of any property for use of the company	2% of Turnover for the previous year per annum
Lease of property for residential use of any Director or KMP	20 % of the gross annual emolument of the concerned Director/ KMP

Any transaction the value of which exceeds the above limit will require the approval of the full Board.

The above threshold limits do not apply to

- (i) Arms Length sales Transactions where Related Parties are treated on par with the major commercial customers, and there is no preferential treatment in respect of price or terms of payment.
- (ii) Arms length purchase transactions with Related Parties are treated on par with the other commercial vendors and no price preference is accorded to such Vendor.

The Policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

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## 5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

### 5.1. Identification of Related Parties

The Company maintains and constantly updates a list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under.

### 5.2. Identification of Related Party Transactions

The list of identified related parties is circulated to all operating departments. Operational Functionaries are asked to inform the Accounts and Secretarial Department of any transactions proposed or concluded with the related parties.

Based on the manner in which the transaction is concluded or proposed to be concluded, the Accounts/Secretarial Department determines whether the transaction is in the ordinary course of business and at arm's length basis. Wherever considered necessary, the Secretarial Department seeks external professional opinion in this regard.

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## 6. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

### 6.1 Approval of the Audit Committee

A. All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
  - i Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
  - ii The maximum value per transaction which can be allowed;
  - iii extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
  - iv review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
  - v transactions which cannot be subject to the omnibus approval by the Audit Committee
- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
  - i repetitiveness of the transactions (in past or future);
  - ii justification for the need of omnibus approval

- c. The omnibus approval shall provide details of:
- (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,
  - (ii) basis of arriving at 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 transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction.

- d. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;
- e. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

## **B. Preferential Discounts or Pricing**

This Policy recognizes that Group and Associate Companies may be given preferential treatment within reasonable limits. The Audit Committee may authorize the managing director to approve such preferential treatment to Group and Associate Companies and prescribe ceilings in terms of discounts for sales or price preference for purchases. However, such discounts shall not exceed 5% above the discount offered to the most favored customer or the price preference shall not exceed 5% of the price quoted by the alternate vendor(s) in respect of the product/goods in question.

The Managing Director, at his discretion may extend similar benefits to Related Parties other than Group and Associate Companies on a case to case basis.

### **6.2 Approval of the Board of Directors of the Company**

The Board of Directors may give its consent in terms of Section 188 (1) of the Companies Act 2013 for entering into Related Party Transactions either with prior approval or Omnibus Resolution passed by the Audit Committee, subject to such ceilings or limits it may prescribe.

However, such general consent will not be applicable to transactions which need prior approval of the Board under the Act.

## 7. DISCLOSURES

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- Details of all transactions entered into with Related Parties, irrespective of whether they are on Arms' Length basis or in the ordinary course of business shall be placed before the Audit Committee. The Audit Committee may prescribe the format in which such disclosures shall be made.
- All executives of the company will be required to disclose their relationship, if any, with Directors, KMPs or other Related Parties under the Act. Any transaction with such parties even if they come under the purview of the powers delegated to them will be referred to their immediate superior or the Managing Director for prior approval.
- The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties along with the justification for entering into such transaction.

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## 8. 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 in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reportingsuchrelatedpartytransactiontotheAuditCommitteeunderthisPolicyandfailureofthe internal control systems, and shall take any such action it deems appropriate.

Where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

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## 9. REVIEW OF THE POLICY

TheadequacyofthisPolicyshallbereviewedandreassessedbytheCommitteeperiodicallyand appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.