

NICCO CORPORATION LIMITED

Related Party Transaction Policy

Introduction

Nicco Corporation Limited (hereinafter referred to as “NCL” or “The Company”) recognizes that Related Party Transactions (as defined below) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company and its shareholders’ best interests and in compliance to the provisions of the Companies Act, 2013 and clause 49 of the Listing Agreement.

Applicability and effective date

This Policy will be applicable to the Company with effect from 01 October 2014 to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

Scope and purpose of the policy

The Board of Directors of the Company has adopted the following policy and procedures with regard to Related Party Transactions. The Audit Committee will review and may amend the policy as and when required subject to approval of the Board.

The objective of this policy is to regulate transactions between the Company and its Related Parties as determined based on the Companies Act, 2013, Listing Agreement and any other laws and regulations as may be applicable to the Company.

Definitions

“Act” shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated and as per definition under any law if any.

“Associate Company” means any other company, in which the Company has a significant influence, but which is not a Subsidiary of the Company and includes a joint venture company.

Explanation—For the purposes of this clause, “significant influence” means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.

“Audit Committee” means the Committee of the Board formed under section 177 of the Act and Clause 49(III) of the Listing Agreement.

“Company means Nicco Corporation Limited.

“Key Managerial Personnel” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Clause 49(VII) (B) of the Listing Agreement.

Related party under section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows-

- (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 or holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) anybody 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 (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is—
 - (a) a holding, subsidiary or an associate company of such company; or
 - (b) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) Director or Key Managerial Personnel of the holding company or his relative; or
- (x) such other persons as may be prescribed by Central Government .

“Related Party Transactions” shall mean such transactions as specific under Section 188 of the Act or rules made thereunder like Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49(VII)(A) of the Listing Agreement including any amendment or modification thereof, as may be applicable.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement , Securities Contract Regulation Act or any other applicable law or regulation.

Names of Related Parties to NICCO

NICCO Management (KMP) is required to list out and maintain the names of all Related Parties to NICCO on a permanent basis and also the types of Related Party Transactions or arrangement for NICCO and keep the Audit Committee informed immediately after the Policy is framed and update the same regularly and keep the Committee informed of the updation immediately.

Review and approval of related Party Transactions

Audit Committee:

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature and are in the ordinary course of business and on at Arm's length basis;
- b. The Audit Committee satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify the following:-

Name(s) of the Related Party;

-Nature of the transaction;

-Period of transaction;

-Maximum amount of transaction that can be entered into;

-The indicative base price / current contracted price and the formula for variation in the price, if any, and;

-Such other conditions as the Audit Committee may deem fit.

d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.00 crore per transaction;

e. The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;

f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

In the case of Material Related Party Transaction, the approval of the shareholders by way of special resolution is also required irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm's length or both and the Related Party shall abstain from voting on such resolutions.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both , the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

The following types of transactions require approval from shareholders:

-Transactions not in the ordinary course of business

-Transactions in the ordinary course of business if not done at an arm's length

-Material Transactions as defined under clause 49 (VII) (C) of the listing agreement i.e. a transaction with a related party if a transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the Annual consolidated turnover of the Company as per the last audited financial statements of the Company. (This figure for the last financial year i.e. 2013-14 was Rs 24,248.66 lakhs)

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review 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/or prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Agreement with the Stock Exchange.

Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee.

A list of Related Parties will be drawn up from time to time by the Company, and the Company should get it approved by the Audit Committee and any change in the Policy needs to be first approved by the Audit Committee.

The Related Party Transactions need to be approved by the Audit Committee and whenever there is a change in the Related Party Transactions, the Audit Committee needs to be informed in the next Meeting.

Board:

If the Committee determines 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.

Shareholders:

All the material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall abstain from voting on such resolution.

Material related Party Transactions

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

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

Committee. The 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.

Disclosures

-The company shall disclose the policy on dealing with Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report.

-Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance., as required under listing agreement.

Amendments in Law

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