

NCLIL/SEC/2019-2020

28/08/2019

The National Stock Exchange of India Limited

Exchange Plaza

Bandra Kurla Complex

Bandra (E)

MUMBAI – 400051

Dear Sir,

Thank you for your email dated 27th August, 2019 in connection with an announcement submitted to the Exchange dated Aug 23, 2019, regarding 'NCL Industries Ltd signed an Agreement to establish a Joint Venture Company with Qingdao Xinguangzheng Steel Structure Company Ltd, China for manufacture of Pre Engineered Steel Structures in India.

We provide below, the clarifications sought by you in respect of the joint venture agreement, *ad seriatim*.

1. Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;

NCL is entitled to nominate 3 directors in the joint venture company. The joint venture company is yet to be formed. But the company has nominated Mr.K Ravi, Mr.Bh. Subbaraju and Mr. NGVSG Prasad as first Directors.

There is no potential conflict of interest.

2. In case of issuance of shares to the parties, details of issue price, class of shares issued;

The proposed joint venture will be a new company. As already stated, NCL and the Chinese partner will hold equity in the new company in the proportion of 70% and 30% respectively. Since the joint venture is yet to be formed, there has been no discussion on issue price etc.

3. Whether the transaction would fall within related party transactions? If yes, whether the same is done at arms length;

It will not be a related party transaction. The JV Partner is a foreign entity.

4. Whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;

Not related to promoter/promoter group/ group companies.

5. Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;

- i. NCL and Chinese partner will hold to maintain equity in 70:30 proportion.
- ii. After a lock in period of 3 years, either party will have a right of first refusal if the other party wishes to transfer the shares.
- iii. NCL will have a right to nominate 3 directors, including Managing Director.
- iv. Chinese Partner will have the right to nominate 2 directors including non executive chairman.
- v. The Board may consist of other independent directors.

This is for your kind intimation.

Thanking You

Yours faithfully

for **NCL INDUSTRIES LTD.,**


T. ARUN KUMAR

Company Secretary

