

Nido – POLICY ON RELATED PARTY TRANSACTIONS

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1. INTRODUCTION

1.1 BACKGROUND

The Related Party Transactions Policy (hereinafter referred to as 'the policy') has been formulated for identification of related parties and treatment of transactions with the related party. The policy has been prepared in accordance to the Companies Act 2013 (and subsequent amendments thereon), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment regulations, 2018 and the Corporate Governance code of the company. The policy has been approved by the Board in the meeting.

1.2 PURPOSE

The purpose of the policy is to identify the related parties for the company, ensure proper conduct and documentation of all related party transactions, providing materiality of related party transactions, dealing with related party transactions and procedure for approval and adequate disclosures as per the applicable laws.

1.3 SCOPE

The policy has been prepared to provide a framework to comply with laws, rules and regulations related to related party transactions for the company.

2. DEFINITION

- a) "Act" means the Companies Act, 2013
- b) "Applicable law" includes (a) the Companies Act, 2013 ('the Act') and rules made thereunder; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (hereinafter referred as SEBI Listing Regulations); (c) any other statute, law, standards, regulations, or other governmental instruction relating to Related Party Transactions. ((Not as per old policy, Old Policy has IAS))
- c) "Compliance officer" Means the Company Secretary of the Company or such other compliance officer as identified by the Board for the purpose of SEBI Listing Regulations.
- d) "Arm's length Transaction" shall mean those transaction to be entered by the Company on terms that are comparable to those that would be entered with unrelated parties
- e) "Related Party" shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or under Regulation 2 (1) (zb) of the SEBI Listing Regulations or under Indian Accounting Standards 24 (Ind AS 24) - Related Party Disclosures, as may be amended from time to time.
- f) "Related Party Transaction" shall mean all transactions as per Regulation 2 (1) (zc) of the SEBI Listing Regulations as may be amended from time to time.
- g) Further, under Ind AS 24 a related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.
- h) "Material transaction" shall have the same meaning as given to 'a transaction with a related party shall be considered material' under the SEBI Listing Regulations, as may be amended from time to time. 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 statements of the listed entity, whichever is lower. Provided that, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.

- i) "Material Modifications" means any modifications to the material related party transactions which were approved by the Audit Committee, Board or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction.
- j) "Ordinary Course of business" shall mean the usual transactions, customs and practices of the business of the Company and would include activities to be carried out incidental to or to facilitate the business of the Company and is usual or customary to the Company.
- k) The term "major shareholder" shall mean a person holding 10 % or more of the paid-up share capital or five crore rupees in paid-up shares, whichever is lower.
- l) The term "Senior Officer" shall have the same meaning as assigned to "Senior Management" under Section 178 of the Companies Act, 2013.

Note: Any term not defined here will have meaning as prescribed under applicable law.

3. GOVERNANCE STRUCTURE

3.1 MATERIALITY THRESHOLD

As per the Regulation 23, the company must provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23.

3.2 IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTION

Each Related Party shall be identified as prescribed under Section 2(76) of the Act read with the Rules framed there under, Regulation 2(1) (zb) of the SEBI Listing Regulations and Ind AS 24, as amended from time to time. by the Company's Secretarial department at regular intervals and reviewed atleast on an annual basis.

The Company has a framework (Annexure 1) for identification of related party transactions in accordance with Section 188 (Related party transactions) of the Act and Rules framed thereunder, and Regulation 2(1) (zc) of the SEBI Listing Regulations and Ind AS 24. The Company determines whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

The Secretarial department of the Company needs to inform any change in the list of Related Parties to the other respective departments of the Company to identify the Related Party Transactions.

3.3 APPROVAL AND REVIEW OF RELATED PARTY TRANSACTION

A. Under the Listing Regulations.

- (i) All Related Party Transactions shall require prior approval of the Audit Committee in accordance with this Policy.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

- (ii) All material related party transactions and subsequent Material Modifications thereof shall require prior approval of the Audit Committee and Board of Directors.

- (iii) All material related party transactions and subsequent Material Modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

- (iv) Where the need for related party transaction cannot be foreseen and the details thereof are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction. Actual transactions entered shall also be reported to the Audit Committee on a quarterly basis.

- (v) Information to be reviewed by the Audit Committee for approval of RPTs
The Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- Type, material terms and particulars of the proposed transaction.
- Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- Tenure of the proposed transaction (particular tenure shall be specified);
- Value of the proposed transaction.
- The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances, or investments,
 - a. nature of indebtedness.
 - b. tenure.
 - applicable terms, including covenants, tenure, interest rate and repayment schedule,

whether secured or unsecured; if secured, the nature of security; and

- the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- Justification as to why the RPT is in the interest of the listed entity;
- A copy of the valuation or other external party report, if any such report has been relied upon;
- Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

- (vi) If the Audit Committee determines that a Related Party Transaction should be brought before the Board of Directors, or if the Board in any case elects 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 at a meeting 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.

B. Under the Act;

- Further under the Act, Related Party Transactions to be entered by the Company should be on arm's length basis and in the ordinary course of business
- Specific approval of the Board of Directors is required for Related Party Transactions not in ordinary course of business under the Act.
- Transaction exceeding the threshold defined under rule 15(3) of Companies (Meeting of the Board and its Powers) Rules 2014 also require approval of the shareholders.

Nothing in this Policy shall override any provisions of Applicable Law made in respect of any matter stated in this Policy.

C. Approval Matrix for related party transaction is, as under:

Audit Committee Approval	Board Approval	Shareholders' Approval*
<ul style="list-style-type: none"> • All Related Party Transactions to be approved vide a resolution or covered under the Omnibus approval mechanism. • All Material Modifications to be approved vide a resolution. 	<ul style="list-style-type: none"> • Related Party Transactions referred by Audit Committee for approval of the Board. • All material Related Party Transactions shall be prior approved by the Board of Directors vide a resolution.. • All Material Modifications shall be prior approved by the Board of Directors vide a resolution. • Related Party Transactions requiring prior approval of shareholders. 	<ul style="list-style-type: none"> • Approval by resolution for: <ol style="list-style-type: none"> a. Material Related Party Transactions b. Material Modifications c. Related Party Transactions not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under the Act / Regulations applicable to the Company

***Notes:**

- No related party shall vote to approve relevant shareholders resolutions.
- The requirement of shareholder' approval for all material related party transactions may not be possible if all the members are related parties. Approval of such related party transactions by the Audit Committee and Board shall be disclosed in the quarterly compliance report on Corporate Governance filed with Stock Exchange.

4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

- In the event of entering into a Related Party 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 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.
- In any case, 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, immediate discontinuation or rescission of the transaction.

5. DISCLOSER

Disclosures regarding related party transactions will be [made in accordance](#) with the Applicable Laws.

6. POLICY REVIEW

This Policy is framed based on the provisions of the Listing Regulations, the Companies Act, 2013 and rules thereunder and other applicable law. In case of any subsequent changes in the provisions of the Listing Regulations or the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable laws. or at least once in every three years and updated accordingly.

7. ANNEXURES

7.1 IDENTIFICATION OF RELATED PARTY

Sr. No.	Relation	Covered under		
		Companies Act, 2013	Ind-AS 24	SEBI LODR
1	A holding company	Yes	Yes	Yes
2	Fellow subsidiaries	Yes	Yes	Yes
3	A subsidiary company /step down subsidiaries	Yes	Yes	Yes
4	An associate or joint venture of company	Yes	Yes	Yes
5	An associate or joint venture of subsidiaries	No	Yes	Yes
6	Both entities are joint ventures of the same third party	No	Yes	Yes
7	One entity is a joint venture of a third entity and the other entity is an associate of the third entity	No	Yes	Yes
8	Fellow's Step down subsidiaries	No	Yes	Yes
9	Director/ Key Managerial Personnel ("KMP") of the Company or their relatives or Close members# of the family	Yes	Yes	Yes
10	Director or KMP of the Holding Company or their relatives or Close members of the family	Yes	Yes	Yes
11	The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.	No	Yes	Yes
12	A firm in which a director, manager or his relative is a partner	Yes	No	Yes
13	A private company in which a director or manager or his relative is a member or director	Yes	No	Yes
14	A public company in which a director or manager is a director and holds along with his relatives more than 2 % of its paid up share capital	Yes	No	Yes
15	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	Yes	No	Yes
16	Any person on whose advice, directions or instructions a director or manager is accustomed to act*	Yes	No	Yes
17	The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.	No	Yes	Yes

18	Co-venture in respect of which the reporting enterprise is a joint venture	No	Yes	Yes
19	Individuals having control or significant influence (by virtue of their direct or indirect shareholding) and their relatives or close members of the family over reporting entity;	No	Yes	Yes
20	Entities over which control or joint control is exercised by parties identified at 9,10 and 19 above	No	Yes	Yes
21	Entities over which significant influence exercised or is KMP in entity or in its parent entity by person having control over an reporting entity.	No	Yes	Yes
22	Any Person or entity belonging to promoter or promoter group of the listed entity, holding 20% or more of shareholding in the listed entity	No	No	Yes

*** Will not apply to advice, directions or instructions given in a professional capacity**

Close member V/s Relatives

Close member is term defined in Ind AS which also include domestic partner, children of domestic partner & Dependent of domestic partner. This does not fall within definition of Relative as per Sec 2(77) of Companies Act 2013.

Definition of Relative as per section 2(77) of the Companies Act, 2013 –

“relative”, with reference to any person, means anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family.
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed.

Definition of Close members as per Ind AS 24–

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:

- (a) that person’s children, spouse or domestic partner, brother, sister, father and mother;
- (b) children of that person’s spouse or domestic partner; and
- (c) dependents of that person or that person’s spouse or domestic partner.