



**Policy on determining Materiality of Related Party Transactions and
on dealing with Related Party Transactions**

Of

Nomura Capital (India) Private Limited

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1 INTRODUCTION

This Policy on determining Materiality of Related Party Transactions and on dealing with Related Party Transactions (“**RPT Policy**”) covers the policies and procedures for Nomura Capital (India) Private Limited (the “Company” or “NCIPL”), of Related Party transactions as prescribed under the Companies Act, 2013 read with the Rules framed there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, as applicable to the High Value Debt Listed Entities as defined the said Regulations.

2 DEFINITIONS

“**Act**” means the Companies Act, 2013 and includes any amendment(s) thereof.

“**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.

“**Audit Committee**” means the Committee of the Board formed under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015.

“**Board**” means the Board of Directors of the Company.

“Director” means a person as defined in Section 2(34) of the Act,.

“Designated Securities means specified securities, non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares, Indian depository receipts, securitized debt instruments, security receipts, units issued by mutual funds and any other securities as may be specified by the Board.

“Half Year” means the period of six months commencing on the first day of April or October of a financial year.

“High Value Debt Listed Entities” means a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of INR 500 Crore (Indian Rupees Five Hundred Crore Only) and more.

“Key Managerial Personnel” shall mean the officers/ employees of the Company as defined in Section 2(51) of the Companies Act, 2013.

“Listed Entity” means an entity which has listed, on a recognized stock exchange(s), the designated securities issued by it, or designated securities issued under schemes managed by it, in accordance with the listing agreement entered into between the entity and the recognized stock exchange(s).

“Material modifications” means any modifications to the Related Party Transactions which were approved by the Audit Committee 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, in case of exigencies only.

“Material Related Party Transaction” means:

Any transaction with a related party if the transactions to be entered individually or taken together with previous transactions during a financial year value of which exceeds INR 1,000 Crores or 10% of the annual consolidated turnover of NC IPL as per the last audited financial statements of



the listed entity, 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 transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Material Subsidiary” means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

“Non-Convertible Debt Securities” means ‘debt securities’ as defined under the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. However, for determining the nature of particular transaction in subject, the Board of Directors of the Company shall determine after taking into consideration various factors which shall include; past precedent, periodicity, frequency, uniformity, predictability and consistency of that transaction in future.

“Promoter” means the person/ entity as defined in regulation 2(oo) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or a person as defined in section 2(69) of the Act.

“Promoter Group” means the person/ entity as defined in regulation 2(pp) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

“Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Relative” with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder.

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and regulation 2(zb) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

“Related party transaction” means any transactions as given under clause (a) to (g) of section 188(1) of the Act or transfer of resources, services, or obligations between:

- a. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- b. a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries.

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

“Subsidiary Company or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company

- i. controls the composition of the Board of Directors; or
- ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Following shall not be considered as Related Party Transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and

Disclosure Requirements) Regulations, 2018;

- b. the following corporate actions by the listed entity which are uniformly applicable/ offered to all shareholders in proportion to their shareholding:
 - (i) payment of dividend;
 - (ii) subdivision or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.

- c. acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of Related Party Transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)].

3 PROCEDURE FOR IDENTIFICATION OF RELATED PARTY

Every Director and Key managerial personnel (KMP) is responsible to declare/ disclose to the Company immediately at the time of appointment and upon any change in the status of his/ her Interest or Concern in any person or entity, that may cause him to be regarded as related party of the Company in accordance with this Policy, on account of his being director or KMP of the Company.

Such declaration shall include disclosure of his (and his relative's) concern or interest in any company or companies or body corporate, firms or association of Persons, which shall include the shareholding, directorship, membership, partnership, Manager, etc.

The person responsible for financial management shall identify persons or entities that would be regarded as Related Parties on account of their relationship on a quarterly basis based on the information available with them or after making enquiries as may be necessary.

4 PROCEDURE FOR REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. Audit Committee

1. Every Related Party Transaction and subsequent modifications shall be subject to prior approval of the Audit Committee.
2. Only those members of the Audit Committee who are independent directors shall approve Related Party Transactions.
3. Prior approval of the Independent Directors on the Audit Committee is required for the following Related Party Transactions:
 - a. Where NCIPL is a party;
 - b. Where subsidiary of the NCIPL is a party, but the NCIPL is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Prior approval of the Audit Committee of NCIPL shall not be required for a related party transaction to which the listed subsidiary is a party, but the NCIPL is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

c. Transaction of the Company and/ or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related parties of the Company or any of its subsidiaries.

B. Approval of Audit Committee under Omnibus provisions:

a. Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered by the listed entity, subject to the following conditions:

i) The Audit Committee shall lay down the criteria for granting omnibus approval in line with the RPT policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

ii) The Audit Committee shall satisfy itself regarding the need for such approval and that such approval shall be in the interest of the company.

iii) Such Omnibus approval shall specify the following:

a. Name(s) of the related party, Nature of transaction, Period of transaction, Maximum amount of transaction that can be entered into.

b. Indicative base price / current contracted price and the formula for variation in the price, if any and.

c. Justification for the need of the omnibus approval and the minimum information as prescribed under SEBI circular dated 22 November 2021.

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

- iv) Where the need for RPT cannot be foreseen and aforesaid details are not available, the Audit Committee may grant approval for such transactions subject to their value not exceeding rupees one crore per transaction.
- v) 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 approvals given. Such approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year
- vi) The Audit Committee shall additionally review the status of long term (more than one year) or recurring RPTs on an annual basis.

C. Board and Shareholder's Approval

All Related Party Transactions which are either not on arm's length basis or not in the ordinary course of business shall be approved by the Board of Directors.

- a. The Board of Directors shall consider the following while approving Related Party Transactions:
 - i.the name of the related party and nature of relationship;
 - ii.the nature, duration of the contract and particulars of the contract or arrangement;
 - iii.the material terms of the contract or arrangement;
 - iv.any advance paid or received for the contract or arrangement;
 - v.the manner for determining the pricing and other commercial terms, both included as a part of contract and not considered as a part of the contract;
 - vi.whether all the factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors and
 - vii.any other information relevant or important for the Board to take a decision on the proposed transaction.

b. Pursuant to the Act, the below Related Party Transactions is beyond the prescribed threshold, the Board of Directors shall further recommend the same for prior approval of the shareholders.

Sr. No.	Prescribed Related Party Transactions	Threshold
1.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
2.	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Amounting to 10% or more of net worth of the Company
3.	Leasing of property of any kind	Amounting to 10% or more of the turnover of the Company
4.	Availing or rendering of any services, directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
5.	Appointment to any office or place of profit in the company, its subsidiary company or associate company	Remuneration exceeding INR 2.5 lakhs per month
6.	Underwriting the subscription of any securities or derivatives of the company	Remuneration exceeding 1% of net worth

Explanation:

a. Thresholds specified above shall apply for transaction(s) to be entered into either individually or taken together with the previous transactions during a financial year.

b. Turnover or Net Worth shall be computed on the basis of the last audited financial statement of the company.

c. In the case of wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary company and the holding company.

c. All Material Related Party Transactions and subsequent material

modifications shall require prior approval of 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. Provided that prior approval of the shareholders of NC IPL shall not be required for Related Party Transaction to which the listed subsidiary is a party, but NC IPL is not a party if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For Related Party Transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the shareholders of the listed subsidiary shall suffice.

d. Every director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract/proposed contract or arrangement/proposed arrangement entered into or to be entered into, shall disclose the nature of the concern or interest at the Board in which the contract or arrangement is discussed and shall not participate in such meeting.

D. Ratification by Board/Shareholders:

- a. Where any contract or arrangement, is entered into by a director or any other employee, without obtaining the consent of the Board or the approval by a resolution in the general meeting of the Company, as the case may be, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.
- b. In case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board/Shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the Company against

any loss incurred by it.

Notwithstanding the foregoing the following Related Party Transactions shall not require approval of the Audit Committee or shareholders:

- a. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such a holding company and placed before the shareholders at the general meeting for approval.
- b. transactions entered into between two wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5 REPORTING OF RELATED PARTY TRANSACTIONS

- A. **Disclosure in Annual Report:** Company shall make the disclosure of related party in its annual report in compliance with the Accounting Standard. Further, the Company shall make the disclosure of transactions entered into with any person or entity belonging to the promoter/ promoter group which holds 10% or more shareholding in NC IPL in the format prescribed in the relevant accounting standards for annual results.
- B. **Disclosure in Corporate Governance Report:** Company shall make the disclosure of its Materially Significant Related Party Transactions in its Corporate Governance report.
- C. **Disclosure to the stock exchanges:** Company shall submit to the stock exchanges disclosures of the Related Party Transactions every six months on the same date of publication of its standalone and consolidated financial results in the format specified by SEBI.
- D. **Website Disclosure:** Company shall publish the disclosure of Related Party

Transactions furnished to SEBI on its website.

6 REVIEW OF POLICY

The policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

7 VERSION CONTROL

Version	Date dd- mmm- yyyy	Policy Owner	Version Approved by	Details
1.	Existing Draft			
2	August 2024	Finance/Audit	Board of Directors	Amendments made to comply with the SEBI LODR requirements.