

## **POLICY FOR CONSIDERATION AND APPROVAL OF RELATED PARTY TRANSACTIONS**

### **1. PREAMBLE**

Nureca Limited (hereinafter referred “**the Company**”) recognises that transactions between the Company and one or more of its Related Parties (more particularly referred to as “Related Party Transactions” and defined hereinafter) present a risk of actual or potential conflicts of interest.

With a view to ensure that the Related Party Transactions are in the best interest of the Company and its shareholders, the Board of Directors (the “**Board**”) of the Company has adopted this Policy on Related Party Transactions (the / this “**Policy**”) in line with the requirements of Regulation 23 of Securities and Exchange Board of India (Listing of Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and the relevant provisions of the Companies Act, 2013 (“the Act”).

#### **1.1 Objective of the Policy**

The objective of this Policy is to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties in accordance with the Applicable Law.

The Board of the Company, after considering the recommendation of the Audit Committee, has adopted the Policy and associated procedures with regard to the review, approval and reporting of Related Party Transactions.

### **2. DEFINITIONS**

#### **2.1 Applicable Law**

“**Applicable Law**” means the Companies Act, 2013 (the “**Act**”) and the Rules prescribed thereunder, the SEBI Listing Regulations and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

#### **2.2 Arm’s Length Transactions:**

“**Arm’s Length Transactions**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length Basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.

### **2.3 Associate**

“**Associate**” means a company as defined under section 2(6) of the Act, or under applicable accounting standard”.

### **2.4 Audit Committee**

“**Audit Committee**” means the Audit Committee of the Board which as on date complies with the provisions of Section 177 of the Act read with Rules prescribed thereunder and Regulation 18 of SEBI Listing Regulations.

### **2.5 Body Corporate**

“**Body Corporate**” means an entity as defined in Section 2(11) of the Act.

### **2.6 Director**

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

### **2.7 Key Managerial Personnel**

“**Key Managerial Personnel**” mean the officers of the Company as defined in Section 2(51) of the Act.

### **2.8 Employees**

“**Employees**” mean the employees and office-bearers of the Company, including but not limited to Whole-time Directors.

### **2.9 Ordinary Course of Business**

“**Ordinary Course of Business**” means all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the Ordinary Course Business.

### **2.10 Material Related Party Transactions**

“**Material Related Party Transactions**” means a transaction or transaction(s) to be entered into with a related party, individually or taken together with previous transactions during a financial year, value of which exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements.

Further, transaction involving payments made to a related party with respect to brand usage or royalty shall be considered as “material” if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent (or such other percentage as may be specified by SEBI) of the annual consolidated turnover of the Company as per the last audited financial statements.

### **2.11 Relative**

“**Relative**” shall have the meaning assigned to it in Section 2(77) of the Act and in SEBI Listing Regulations.

### **2.12 Related Party**

“**Related Party**” means related party as defined under Section 2(76) of the Act, or under regulation 2(1)(zb) of the SEBI Listing Regulations, or under applicable accounting standards.

### **2.13 Related Party Transactions**

“**Related Party Transactions**” is a transfer of resources, services or obligations between a Company and a Related Party, 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 transaction in a contract.

### **2.15 Senior Management**

“**Senior Management**” means personnel of the Company who are members of its core management team excluding Board of Directors and would normally comprise all members of Management one level below the Board, including all functional heads and the Key Managerial Personnel.

### **2.16 Subsidiary**

“**Subsidiary**” means a company as defined in Section 2(87) of the Act.

**2.17** Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other Applicable Law or Regulation in force.

### **3. RELATED PARTY TRANSACTIONS UNDER THE POLICY**

All Related Party Transactions, identified by the Management of the Company as such, must be brought to the notice of the Audit Committee of the Company.

The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. Any member of the Committee or the Board of Directors who has potential interest in any Related Party Transaction shall not participate / abstain from discussions / voting on subject matter involving approval of Related Party Transaction.

#### **3.1 Approval Process**

1. All Related Party Transactions shall require prior approval of the Audit Committee.

Provided that only those Members of the Audit Committee, who are independent Directors, shall approve Related Party Transactions.

Provided further that any Member of the Committee who has potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

2. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:
  - a) The Audit Committee shall laydown the criteria for granting omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
  - b) The Audit Committee shall 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 crore per transaction;
  - e) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions 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.
  - g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
3. The Audit Committee will also undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require further approval of the Board in compliance with the provisions of the Act or SEBI Listing Regulations, or if the Board in any case considers to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its review/approval.

Additionally, Related Party Transactions which are not in the ordinary course of business, or not at arm's length price and are below the thresholds prescribed under the Act, shall also require prior approval of the Board.

Provided that every Director of the Company, who is any way, related to such transaction(s), shall disclose the nature of his/her concern or interest at the meeting of the Board in which the Related Party Transaction is to be discussed and shall not participate in such discussion / vote on such matter.

- 4. If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting pursuant to the Applicable Law, the same shall be put up for approval by the shareholders of the Company.
- 5. All the material Related Party Transactions shall require approval of the shareholders of the Company through an Ordinary resolution and no related party shall vote to approve such resolution(s) whether the entity is a related party to the particular transaction or not.

Additionally, Related Party Transactions which are not in the ordinary course of business, or not at arm's length price and exceed certain thresholds prescribed under the Act, shall also require prior approval of the shareholders.

### **3.2 Related Party Transactions not previously approved**

1. If prior approval of the Audit Committee or Board of Directors or Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board or the Shareholders, if required, within 3 months of entering in the Related Party Transaction.
2. In any case where either the Audit Committee or the Board of Directors or Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee or the Board of Directors or the Shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee or the Board of Directors has the authority to modify or waive any procedural requirements of this Policy.
3. In determining whether to approve or ratify a Related Party Transaction, the Audit Committee or the Board of Directors will consider whether the Related Party Transaction is on reasonable terms having regard to the circumstances of the case and the extent of the Related Party's interest in the transaction.

### **3.3 Related Party Transactions that shall not require approval:**

The following transactions shall not require separate approval under this Policy:

- a) Any transaction entered into between the Company and its holding Company or its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b) Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the Act , in connection with his or her duties to the Company or any of its Subsidiaries or Associates, including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business;
- c) Indemnification and advancement of expenses made pursuant to any agreement or by-laws of the Company;
- d) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;

- e) Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- f) Payment of Dividend;
- g) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, approved by the Board and carried out in accordance with the specific provisions of the Act or the SEBI Listing Regulations;
- h) Any other exception which is consistent with the Applicable Law, including any Rules or Regulations made thereunder, and must be approved in advance by the Audit Committee.

#### **4. DISCLOSURE BY DIRECTORS/ KEY MANAGERIAL PERSONNEL**

1. Each Director and Key Managerial Personnel of the Company shall promptly notify the Company / Company Secretary of any potential Related Party Transaction involving him / her or his / her Relatives, including any additional information about the transaction that the Company Secretary of the Company shall reasonably request.

The Company Secretary, in consultation with other members of management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

2. Every Director and Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
3. Where any Director or Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if he/she becomes concerned or interested after the contract or arrangement is entered into, disclose his/her concern or interest forthwith when he/she becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.
4. A contract or arrangement entered into by the Company without disclosure or with participation by a Director or Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

5. In addition, each Director or Key Managerial Personnel is required to make disclosures of the entities in which they or their Relatives are or are deemed to be interested, in the prescribed format under Applicable Law.
6. Any Director or Key Managerial Personnel who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel, as the case may be.

## **5. GUIDING PRINCIPLES FOR REVIEW OF RELATED PARTY TRANSACTIONS**

### **5.1 Overall**

To review a Related Party Transaction, the Board or Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the purpose and potential benefits to the Company of the transaction and any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction, as may be considered material by the Audit Committee or Board or shareholders, as may be applicable in the light of circumstances of a particular transaction.

In determining whether approval needs to be accorded to a Related Party Transaction, the Board or Audit Committee will consider the following factors:

- a) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b) Whether there are any compelling business reasons /rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c) Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall interest of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director, Key Managerial Personnel or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board or Audit Committee deem fit to consider.

The Audit Committee or Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction. Further, the Audit Committee or Board reserves the authority to modify or waive any procedural requirements of this Policy.

## **5.2 Guidelines on Determination of Arm's length nature of the Related Party Transactions**

As a matter of prudence, the following guidelines are issued:

1. Any single transaction with Related Party in excess of Rs.5 crores be principally informed to the Audit Committee members indicating the salient features of the transaction and how the transaction is at "Arm's Length".

At the time of determining the Arm's Length Basis of price charged for the Related Party Transaction, the Audit Committee shall *inter- alia* take into consideration the following:

- a) Permissible methods of Arm's Length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.
- b) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

The Company relies on professionals and experts in the field of Company Law, Accounting and Taxation to review, certify and report on transactions, including those with Related Parties.

2. The management of the Company should ensure periodically that all transactions with Related Parties – be they on a single source basis or otherwise – are on an "Arm's Length" basis.

## **6. DISCLOSURES**

- The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.
- Appropriate disclosures as required under the Act and SEBI Listing Regulations will be made in the Annual Report and to the Stock Exchange(s).
- The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

## **7. GENERAL**

The Audit Committee may review and amend this Policy, from time to time but not later than three years from its last review or any other timeline as may be stipulated under the Applicable law, subject to approval of the Board. In case of any amendment (s), clarification (s), circular (s)

etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly from the effective date as laid down under such amendment (s), clarification (s), circular (s) etc.