

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

[Version 3]

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A. PREAMBLE

Nucleus Software Exports Ltd. (the “Company”) has adopted this policy with regard to materiality of Related Party Transactions and dealing with Related Party Transactions as defined in the Policy. This Policy is in compliance of the applicable provisions of Companies Act, 2013 and Rules made there under and SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 (along with amendments as and when applicable) with the Stock Exchanges.

B. POLICY OBJECTIVE

The objective of this policy is to regulate transactions between the Company and its Related Parties and their approval and reporting, based on the laws and regulations applicable to the Company.

C. DEFINITIONS

1. **“Act”** means the Companies Act, 2013 (‘Act’) read with the Rules thereto including any subsequent amendments thereof.
2. **“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” (the Committee) means a Committee of the Board of Directors of the Company constituted as per section 177 of the Companies Act, 1956 and/or 2013, rules made there under and SEBI (Listing Obligations & Disclosure Requirement).
3. **Board”** means Board of Directors of the Company.
4. **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
5. **“Key Managerial Personnel”** means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013 and amendments made from time to time and includes:

- (i) the Chief Executive Officer or the Managing Director or the Manager.
 - (ii) the Company Secretary.
 - (iii) the Whole-time Director.
 - (iv) the Chief Financial Officer; and
 - (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board: and
 - (vi) Such other officer as may be prescribed under the Act.
6. **“Material modification”** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be
7. **“Material Related Party Transaction”** transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1,000 Crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company, whichever is lower.
Notwithstanding the above, 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 its last audited financial statements.
8. **“Policy”** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.
9. **“Relative”** means relative as defined under Section 2(77) of the Companies Act, 2013 and Rules made there under, as amended from time to time and as prescribed in SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.
10. **“Related Party”** means related party as defined in Regulation 23 of SEBI (LODR) Regulations, 2015 which is as follows:
- - a related party as defined under sub-section (76) of Section 2 of the Companies Act, 2013 or under the applicable accounting standards
 - any person or entity forming a part of the promoter or promoter group.

- any person or any entity, holding equity shares:
 - a. of twenty percent or more; or
 - b. of ten per cent or more, with effect from April 1, 2023, in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year.

11. **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between a listed entity 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 transactions in a contract

Words and expressions used and not defined in this Policy but defined in the Companies Act or any Rules framed there under or SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 or Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed there under or in the Accounting Standards shall have the meanings assigned to them in these regulations.

D. Approval of Related Party Transactions

Audit Committee

All Related Party Transactions and subsequent modifications thereof shall be approved by Independent Director of Audit Committee in the manner specified under the Listing Regulations as amended from time to time. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

- (i) Any member of the Audit 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. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- (ii) The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

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- (iii) Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for related party transactions that are repetitive in nature.

The Audit Committee may also grant omnibus approval for related party transactions (subject to individual limit per transaction and aggregate limit for all such transactions) that cannot be foreseen and for which the aforesaid details are not available.

- (iv) A Related Party Transaction entered by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.
- (v) The Audit Committee shall also pre-approve related party transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value crosses the thresholds as prescribed under the Listing Regulations
- (vi) 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. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- (vii) Transactions of the following nature shall be outside the purview of the omnibus approval mechanism:
- a) Transactions which are not in the ordinary course of business or not at arm's length.
 - b) Transactions which are not repetitive or unforeseen in nature.
 - c) Transactions exceeding the threshold limits specified for omnibus approval.
 - d) Inter-corporate loans given / taken to / from related parties and purchase / sale of investments from / to related parties.
 - e) Transactions in respect of sale or disposal of undertaking.
 - f) Any other transaction as may be specified by the Audit Committee.
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Board Approval

- (i) The following Related Party transactions shall also require Board approval:
- a. All transactions as specified in Sec 188 of the Companies Act 2013,
 - b. Transactions which are not in the ordinary course of business and
 - c. Transactions which are in ordinary course of business but not at arm's length basis.

- d. A related party transaction to which the subsidiary of a Company is a party, but the Company is not a party, shall require prior approval of the audit committee of the company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- e. A related party transaction to which the subsidiary of a listed entity is a party, but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity.

Further, if the Audit Committee determines that a particular Related Party Transaction should be brought before the Board, then the Board shall consider and approve the same.

The agenda of the Board Meeting at which approval for Related Party Transactions is sought shall disclose the necessary details as required under the Act and the Regulation. Any Director / KMP having potential interest in any Related Party Transaction shall not participate in discussions and voting.

Material Related Party Transactions /Shareholders' Approval

- (i) All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions whether the Company is a related party to the particular transaction or not.
- (ii) Shareholders' approval of omnibus RPTs approved in any Annual General meeting shall be valid up to the date of the next Annual General meeting for a period not exceeding fifteen months. In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year
- (iii) As a matter of practicality, all Material Related Party Transactions which would require approval of the shareholders through ordinary resolution, shall require an approval of the Board also besides Audit Committee approval.

Related parties not to participate in voting

All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Related Party Transactions not requiring approval

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board of Directors or Shareholders:

- (i) Transactions entered into between the Company and any of its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (ii) Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

Related party transactions that are required to be approved by the Board and / or any other Board Committee shall not require separate approval of the Audit Committee, such as transactions relating to appointment and remuneration of Directors and Key Managerial Personnel, CSR spends by the Company etc.

Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its commencement, the matter shall be reviewed by the Audit Committee. The Audit 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee as per this Policy and shall take any such action it deems appropriate.

E. DISCLOSURE REQUIREMENTS

- Particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under Listing Regulations and/or the Companies Act, 2013 (including rules made thereunder), from time to time.
- Every contract or arrangement, which is required to be approved by the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement

- The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website.

F. Policy Review

1. The Board of Directors on its own and /or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit.
2. 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 here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.