

**NUVAMA WEALTH MANAGEMENT LIMITED****POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS****1. Introduction:**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates listed entities to formulate a policy on materiality of related party transactions and on dealing with the related party transactions. Accordingly, the Board of Directors of Nuvama Wealth Management Limited (“the Company”) have approved a Policy in this regard.

Accordingly, this Policy regulates all transactions between the Company and its Related Parties.

**Objective**

The objective of this Policy is to set out:

- the materiality thresholds for related party transactions;
- the manner of dealing with the transactions between the Company and its related parties based on the Companies Act 2013 and Regulation 23 of the Listing Regulations; and
- lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

**2. Definitions:**

“**Act**” means Companies Act, 2013 read with rules thereto, including any amendments, re-enactments, modifications, notifications, circulars and orders issued from time to time.

“**Audit Committee**” or “**Committee**” means Audit Committee of the Company as constituted by the Board;

“**Board of Directors**” or “**Board**” means Board of Directors of the Company;

“**Company**” means Nuvama Wealth Management Limited;

“**Key Managerial Personnel**” (KMP) means: KMP in relation to a company will have the same meaning as defined in section 2(51) of the Companies Act, 2013 (as amended from time to time)

“**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“**Arm’s Length basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**“Subsidiary”** means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 (‘Act’).

**“Associate”** means a associate as defined under Section 2(6) of the Act and Regulation 2(1)(b) of the Listing Regulations.

**“Policy”** means Related Party Transaction Policy.

**“Relative”** means relative as defined under Section 2(77) of the Companies Act, 2013.

**“Related Party”**, with reference to a Company, shall have the meaning as defined under in Section 2 (76) of the Act, Regulation 2(1) (zb) of the Listing Regulations.

**“Related Party Transaction”** (RPT) shall have the meaning as defined under Section 188 of the Act and Regulation 2(1)(zc) the Listing Regulations.

**“Promoter”** and **“Promoter Group”** shall have the respective meanings as assigned to them in the Listing Regulations and the Act;

**“Material Related Party Transaction”** for the purpose of this Policy, means transactions with related parties that if entered into individually or taken together with previous transactions during a financial year, exceeds the threshold as specified in schedule XII of Listing Regulations.

A transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transactions to be entered into individually or taken together with previous transactions during a financial year, exceed five per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Material modifications”** in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 25% or rupees **five crore, whichever is higher.**

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

### **3. Identification of Related Parties and the Related Party Transactions:**

Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall:

- a. at the time of appointment;
- b. periodically - as required by the Company or applicable law
- c. whenever there is any change in the information already submitted,

provide requisite information about his/her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

#### **4. Procedure:**

In terms of the Regulation 23 of the Listing Regulations, the Related Party Transactions shall be approved as per the process outlined below.

##### **A. Audit Committee approval:**

- i. Prior approval of the Audit Committee of the Company shall be required for all Related Party Transactions and subsequent Material Modifications, if any.

The above-mentioned transactions shall be approved only by the Independent Directors of the Company who are members of the Audit Committee.

Where any director is interested in any contract or arrangement with a related party, such director shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

##### **ii. Omnibus Approval:**

- a. In terms of Section 177 of the Act and Regulation 23(3) of the Listing Regulations, the Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company. The Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given by it on a quarterly basis;
- b. Such omnibus approval shall remain valid for a period of one financial year commencing from April 1<sup>st</sup> and ending on March 31<sup>st</sup> irrespective of the date of approval by the Audit Committee or such other lesser period as may be specified by the Audit Committee and shall require fresh approval after its expiry.

##### **Factors to be considered by the Audit Committee while approving the Related Party Transactions**

- Whether the terms of Related Party Transaction are fair and on arm's length basis.
- Whether the Related Party Transaction is in the ordinary course of business of the Company or Related Party.
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
- Whether the Related Party Transaction would affect the independence of an independent director;

- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company; and
- Any other factors the Committee deems relevant.

If any Member of the Committee is interested in any contract/arrangement with a related party, such Member shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract/arrangement.

#### **B. Approval of the Board of Directors and Members, if any, and to the extent required**

All Material Related Party Transactions and subsequent Material Modifications, if any, thereto as approved by the Audit Committee may require prior approval of the Board of Directors and the Members of the Company. Where any director is interested in any contract or arrangement with a related party, such director shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

Further, the transactions which are not approved by the Audit Committee will be placed before the Board of Directors for its consideration, along with the recommendations of the Audit Committee.

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length basis, the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

#### **C. Shareholders' Approval**

- i. In case of listed company, all the Material Related Party Transactions and subsequent material modifications as defined by the audit committee, 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.
- ii. In case of all companies, the transactions with the related parties which are not in the Ordinary Course of Business or at Arms' Length Basis shall require the prior approval of the shareholders through a resolution, if it exceeds the thresholds as specified in Section 188 of the Act as amended from time to time.

## 5. Related Party Transactions not previously approved

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the transaction shall be placed within three months from the date of the transaction or in the immediate next meeting of the Audit committee, whichever is earlier, and only the Independent Directors of the Audit Committee shall approve such aforesaid transactions subject to the following conditions:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in terms of the provisions of sub-regulation (1) of regulation 23 of SEBI Listing Regulations ;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of regulation 23 of SEBI Listing Regulations;
- v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

## 6. Limitation, Review and Amendment:

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement (“**Applicable Law**”), the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy. The Board may review this Policy periodically (and at least once every three years) and make amendments from time to time, as may be deemed necessary (including based on recommendation(s) of the Audit Committee).

## 7. Disclosures:

The particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under the Listing Regulations and the Act, from time to time and the same shall be published on its website and a weblink shall be provided in the Annual report.

### Version Control:

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