

NDL Ventures Limited* **(Formerly known as NXTDIGITAL Limited)**

RELATED PARTY TRANSACTIONS ('RPT') POLICY

Adopted by the Board of Directors on September 23, 2014 pursuant to the Listing Agreement and amended by the Board of Directors on February 11, 2016 in order to align with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors on March 27, 2019 have further amended this policy in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to "Listing Regulations") as amended from time to time.

The Board of Directors on March 16, 2022 have further revised the policy to incorporate changes brought about by SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 read with Listing Regulations.

1. Introduction

This policy on Related Party Transactions (hereinafter referred to as "**Policy**") of NDL Ventures Limited (hereinafter referred to as "**NDL**" or the "**the Company**") and the amendment to this Policy, if any, by the Board of Directors of the Company or any committee thereof shall be effective from the date on which it is notified from time to time.

The Board of Directors have adopted this Policy upon recommendation of the Audit Committee. The Policy on dealing with and materiality of related party transactions includes materiality thresholds and the manner of dealing with **Policy** in compliance with the requirements of the Companies Act, 2013 and Rules made thereunder (hereinafter referred as "**Act**"), Listing Regulations with amendments thereto and applicable Indian Accounting Standard Requirements. The amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee. This Policy applies to Related Party Transactions as defined in this policy. This is further subject to the Act and Listing Regulations.

2. Definitions

- i. "**Act**" means Companies Act, 2013 including any statutory modification or re-enactment thereof.
- ii. "**Audit Committee**" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.

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- iii. **“Board”** means Board of Directors of Company as constituted from time to time.
- iv. **“Material Related Party Transaction”** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds:
 - a) In case of transactions involving payments made to a related party with respect to brand usage or royalty, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
 - b) In all other cases, if it exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- v. **“Key Managerial Personnel”** or **“KMP”** means a KMP as defined under section 2(51) of the Act.
- vi. **“Related Party”** with reference to the Company, means:
 - a) a related party as defined under section 2(76) of the Act; or
 - b) a related party under the applicable Accounting Standards;

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the Company or
 - b) Any person or any entity, holding equity shares:
 - (i) of 20% or more with effect from April 1, 2022 or
 - (ii) of 10% 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 immediate preceding financial year shall be deemed to be a related party.
- vii. **“Related Party Transactions”** means a transaction involving a transfer of resources, services or obligations between:
 - (i) The Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
 - (ii) The Company 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 Company or any of its subsidiaries, with effect from April 1, 2023;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.

Provided that the following shall not be a 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 Company 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.
- viii. **“Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- ix. **“Material Modification”** in relation to the Related Party Transaction (RPT) in the opinion of the Audit Committee means any modification in the existing terms and conditions of the ongoing RPT, as originally approved by the Audit Committee and/or shareholders having impact on the nature, value, tenure, exposure or likely financial impact of such a transaction. The following will not be considered as material modifications:
- 1. Modification which may be mandated pursuant to change in law
 - 2. Modifications pursuant to and in accordance with the terms of the approved transaction/contract
 - 3. Modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement / restructuring / re-organisation viz. merger, amalgamation, demerger, capital reduction etc.

3. Transactions between the Company and Related Parties and Materiality Threshold

The transactions between the Company and Related Parties shall be entered into in such a manner that is compliant with the applicable provision of the Act and Regulation 23 of the Listing Regulations.

As per Regulation 23(1) of the Listing Regulations, the Company shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

Accordingly, Board has prescribed the materiality thresholds as below for related party transactions beyond which approval of the shareholders through a resolution shall be required:

- i. Any transaction with a related party, if the transaction(s) to be entered into individually or

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taken together with previous transactions during a financial year, exceeds 10% or Rs. 1000 crore of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

- ii. 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- iii. Related Party Transactions covered under *Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014 and exceed limits provided under the said rules.

*Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014 states the following: For the purposes of first proviso to sub-section (1) of section 188, except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,-

- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mention below-
 - (i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent more of net worth of the company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) leasing of property any kind amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
 - (iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;
- (b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.
- (c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

4. Internal processes in regard to Related Party Transactions (RPTs)

The Company shall, with the approval of the Board, establish appropriate internal processes for the purpose of identification of Related Parties and Related Party Transactions, determination of whether the transaction(s) is in the ordinary course of business, whether the transaction(s) is on an arm's length basis, monitoring "materiality" threshold, and other relevant matters to ensure adherence to this policy for Related Party Transactions.

In dealing with RPTs, the Company will follow the following process:

A. Identification of RPTs

- i.** All RPTs must be brought to the notice of the Audit Committee of the Company.
- ii.** Any employee of the Company who is aware of any transaction that is or may be perceived to be a RPT is required to bring the same to the attention of the Audit Committee of the Company through the Company Secretary.
- iii.** Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company Secretary of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the financial year.
- iv.** In addition, all Directors, and KMPs are responsible for providing information through notice to the Company Secretary of any potential RPT to be entered by the Company or involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.
- v.** The Company Secretary of the Company shall write to the Board and / or Management Committee of Subsidiary Company(ies) of the Company requesting them to provide the details of Related Party(ies) of their respective Subsidiary Company(ies) at the beginning of every financial year and any subsequent change therein during the year. In addition, the Board and / or Management Committee of Subsidiary Company(ies) of the Company are responsible for providing notice to the Company Secretary of the Company of any potential Material Related Party Transactions (including any Material Modifications) and related party transactions mentioned under clause (b) & (c) of Second Proviso to Regulation 23(2) of Listing Regulations which are proposed to be entered by their respective subsidiary company(ies) where listed entity is not a party.

The Company would prefer to receive such notice of any potential RPTs in advance so that the Audit Committee/Board/Company Secretary has sufficient time to review information provided regarding the proposed transactions.

B. Approval of RPTs

i. Approval of the Audit Committee

All RPTs and subsequent material modifications in such RPTs, shall require prior approval of the Audit Committee. Independent Directors who are members of the audit committee, shall only approve related party transactions.

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 percent of the annual consolidated turnover, as per the last audited financial statements of the Company.

With effect from April 01, 2023, 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 percent of the annual standalone turnover, as per the last audited financial statements of the Company.

However, the Company can obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a) The Audit Committee shall, subject to the approval of the Board of Directors, lay down the criteria for granting the omnibus approval in accordance with the provisions of the Act and the Rules made thereunder.
- b) The Audit Committee while granting omnibus approval shall consider the repetitiveness of the transactions (in past or in future) and justification for the need of such approval.
- c) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the best interest of the Company.
- d) The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/current contracted price and the formula for variation in the price if any, and (iii) such other conditions as the Audit Committee may deem fit.

- e) However, in case of RPTs which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value of RPT does not exceed INR. 1 Crore per transaction or such limits as specified under Listing Regulations. However, Audit Committee should be concurrently informed about such transaction(s) and the details of such transactions placed at the immediate next Audit Committee Meeting.
- f) 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 approval given.
- g) The omnibus approval shall be valid for a period of 1 (one) financial year and shall require fresh approvals after the expiry of such financial year.
- h) Omnibus approval shall not be made for transactions in respect of selling or disposing of the assets of the undertaking of the Company.
- i) Any other conditions as the Audit Committee may deem fit.

ii. Information to be provided to 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:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company'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 where listed entity is not a party, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary;
- i) details of the source of funds in connection with the proposed transaction;

ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,

- nature of indebtedness;
- cost of funds; and
- tenure

iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

g. Justification as to why the RPT is in the interest of the Company;

h. A copy of the valuation or other external party report, if any such report has been relied upon;

i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

j. Any other information that may be relevant or additionally required as per the Act and Listing Regulation;

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

iii. Approval of the Board of Directors of the Company

a) As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis or both, are placed before the Board for its approval.

b) In addition to the above, the following kinds of transactions with related parties are also to be placed before the Board for its approval:

- RPTs in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval with reasons;
- RPTs which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view require Board approval.
- RPTs which are intended to be placed before the shareholders for approval.

iv. Approval of the Shareholders of the Company

All Related Party Transactions in excess of the limits prescribed under the Act, and the Listing Regulations, as may be applicable, which are not in the ordinary course of business or not an Arms' length transaction as well as the material RPTs and subsequent material modifications of RPTs shall require the prior approval of the shareholders through a resolution and no Related Party of the Company shall vote on such resolution, whether the entity is a related party to the particular transaction or not.

➤ Information to be provided to shareholders for consideration of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Act, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the Company to the audit committee as specified in point 4B(ii) above
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point 4 B(ii) (f) above;
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

5. RPTs that shall not require approval of Audit Committee and Shareholders

- a) As per Listing Regulations, prior approval of the Audit Committee for all RPTs (including Material Modifications) and approval of shareholders for Material RPTs (including Material Modifications) would not be required for RPT entered between-
 - The Company with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of the Company and placed before the shareholders of the Company at the general meeting for approval.
 - Two wholly-owned subsidiaries of the company, whose accounts are consolidated with company and placed before the shareholders at the general meeting for approval.
- b) As per the Act, prior approval of the Audit Committee for all RPTs other than transactions referred to in section 188 of the Act would not be required; and

approval of Shareholders would not be required for RPTs referred to in section 188 of the Act which are not in the ordinary course of business and / or not on Arms' length basis and which crosses the threshold limits prescribed under the Act and rules made thereunder, entered by the Company with its Wholly Owned Subsidiaries, whose accounts are consolidated with the accounts of the Company and placed before the shareholders of the Company at the general meeting for approval.

- c) No Related Party shall vote to approve such resolution whether the entity is Related Party to the particular transaction or not.

6. Ratification by Board and/or Shareholders of the Company

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Audit Committee or the Board or the Shareholders pursuant to Section 188(1) of the Act and if it is not ratified by the Board and/or Shareholders within 3 months from the date of contract or arrangement, such contract or arrangement shall be voidable at the option of the Board.

If such contract or arrangement is with related party to a Director or is authorized by any Director, the Directors concerned shall indemnify against any loss incurred.

7. Reporting and Disclosure(s)

The Company shall submit to the stock exchanges disclosures of RPT in the format as specified by the SEBI from time to time, every six months on the date of publication of its standalone and consolidated financial results, and publish the same on its website. The Company shall disclose the RPT Policy on its website and a web-link thereto shall be provided in the Annual Report.

8. Amendments

The RPT policy will be reviewed, approved and amended if required from time to time at least every 3 years.

This policy shall stand amended in accordance with the amendments to the Listing Regulations, the said Act & Rules from time to time.

Any amendment to this policy will be in writing.

In the event of any conflict between the provisions of this Policy and of Act / Listing Regulations or any other statutory enactments, rules, the provisions of such Act / Listing Regulations or statutory enactments, rules shall prevail over this Policy.

9. Applicability

This amended policy will be applicable to the Company with effect from April 01, 2022.

*The name of the Company was changed from NXTDIGITAL Limited to NDL Ventures Limited on April 20, 2023, and the Board, at its meeting held on April 28, 2023, approved to effect the name change of the Company in the policies.