

VLS FINANCE LIMITED

Policy on materiality and dealing with related party transactions

Preamble

The Board of Directors (the “Board”) of VLS Finance Limited (the “Company”) has adopted this Policy. The said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement of the Stock Exchanges in India.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

Objective

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

DEFINITIONS :

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 Audit Committee of the Board of Directors of VLS FINANCE LIMITED

Board means the Board of Directors of VLS FINANCE LIMITED.

Company means VLS FINANCE LIMITED.

Material Related Party Transaction in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Policy means this Policy, as amended from time to time.

Related Party in relation to the Company means a party related with the Company in any of the ways as are laid down in section 2 (76) of the Companies Ac, 2013 and / or the applicable accounting standards.

Related Party Transaction or RPT in relation to the Company means a transaction which is:

- a) a transfer of resources, services or obligations between the Company and a related party regardless of whether a price is charged;
- b) a contract or arrangement with a related party with respect to –
 - i) sale, purchase or supply of any goods or materials;
 - ii) selling or otherwise disposing of, or buying, property of any kind;
 - iii) leasing of property of any kind;
 - iv) availing or rendering of any services;
 - v) appointment of any agent for purchase or sale of goods, materials, services or property;.
 - vi) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - vii) underwriting the subscription of any securities or derivatives thereof, of the Company;
- c) defined as a 'related party transaction' under the relevant provisions of the Companies Act, 2013 or the listing agreement or any other related law, regulation, accounting standards etc.

APPLICABILITY :

This Policy shall be applicable to all the Related Party Transactions entered in to by the Company except as exempted or to be dealt otherwise as specified in applicable laws, rules, regulations and guidelines from time to time.

APPROVAL OF RELATED PARTY TRANSACTIONS :

- a) All Related Party Transactions shall require prior approval of the Audit Committee whether at a meeting or by a resolution by circulation or through electronic or other mode permitted for the time being. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered in to by the company subject to the following conditions:
 - 1. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Part Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - 2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

3. Such omnibus approval shall specify (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, provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
 4. Audit Committee shall periodically review, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
 5. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- b) All Material Related Party Transactions shall require prior approval of the shareholders through special resolution. However, a transaction with a wholly owned subsidiary of the Company shall not require prior approval of the Audit Committee.
- c) In case of Related Party Transaction which is not in the ordinary course of business and / or which is not an Arm's Length Transaction, (whether or not it is a Material Related Party Transaction) prior approval of the Board granted at the meeting of the Board and prior approval of the shareholders of the Company by a special resolution shall be necessary if the transaction exceeds the limits mentioned below:
- (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent. of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of subsection (1) of section 188;
 - (ii) selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) leasing of property of any kind exceeding ten percent of the net worth of the company or ten percent of turnover of the company or rupees one hundred crore, whichever is lower, 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, exceeding ten percent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;

Explanation.- It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(v) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or

(vi) 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.

Explanation.- (1) The Turnover or Net Worth referred in the above clauses shall be on the basis of the Audited Financial Statement of the preceding financial year.

- d) In case of wholly owned subsidiary, the special resolution passed by the Company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and the Company.
- e) A Related Party Transaction which is not a Material Related Party Transaction and which is in the ordinary course of the business and an Arm's Length Transaction, shall only require the prior approval of the Audit Committee or shall be covered under the omnibus approval of the Audit Committee.
- f) Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- g) All the related parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.
- h) In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.
- i) The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances relating to such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.
- j) In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS :

- a) A list of all the Related Parties in relation to the Company shall be provided by the Secretarial Department to all the concerned departments, and updated from time to time.
- b) Every department, prior to entering in to any contract or arrangement with a related party, shall fill the details of the contract or arrangement in the format as prescribed from time to time and submit the same to the Secretarial Department.

- c) The Secretarial Department shall, within 24 hours of submission of details, convey to the concerned department the approvals required if any for the contract / arrangement and approximate time within which such approval can be obtained.
- d) The Secretarial Department may ask for further information about the contract / arrangement, if felt necessary, to determine the nature / type of transaction.
- e) The contract / arrangement shall not be entered in to without the necessary approval from the Audit Committee / Board / shareholders, if such prior approvals are necessary under the Policy.
- f) The Secretarial Department shall arrange for the approval of the Audit Committee / Board / Shareholders, as may be necessary and upon receipt of necessary approvals, convey the same to the concerned department.

AMENDMENTS :

The Board of Directors may amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. In case of amendments in statutory provisions/regulations, the relevant portion of policy inconsistent with provisions shall be deemed to have been modified from the date such statutory provision would become effective subject to review by the Board in regular course.

INTERPRETATION :

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company.
- b) The reference to the male gender in the Policy shall be deemed to include a reference to female gender.
- c) In case of any dispute or difference upon the meaning / interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

VLS FINANCE LIMITED

Format for reporting of Related Party Transactions

Name of the Department	:	
Name and designation of the person submitting the form	:	
Name of the Related Party	:	
Nature of relationship of the Related Party with the Company	:	
Brief Description of the Contract / Arrangement	:	
Total value of the Contract / Arrangement in Indian rupees	:	
Duration of the Contract /Arrangement	:	
Advance paid / received if any	:	
Other material terms of the Contract / Arrangement	:	
Manner of determining commercial terms including pricing.	:	
Details of the factors relating to the Contract / Arrangement not considered, if any, and rationale for the same	:	
Whether the Contract / Arrangement shall be considered an 'Arm's Length Transaction' under the Policy. If yes then reasons / rationale therefor.	:	
Any other relevant / important information relating to the Contract / Arrangement which the submitter may like to provide.	:	

Sign :

(Name of the submitter)

Date :

(To be filled in by the Secretarial Department)

Date of the approval by the Audit Committee :

Date of the approval by the Board :

Date of the approval by Shareholders :

