



VANI COMMERCIALS LIMITED

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

(Pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 and Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015)

I. PREAMBLE

1. The Board of Directors (the "Board") of Vani Commercial Limited (the "Company"), had adopted a **Policy on Materiality of Related Party Transactions and Dealing With Related Party Transaction**, in compliance with the requirements of SEBI(Listing Obligations and Disclosure Requirements) Regulation, 2015 (the "Regulation") read with provisions of Section 188 of the Companies Act 2013 (the "Act") and Rules made there under, in order to ensure transparency and procedural fairness of such transactions.

Considering various amendments under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Board of Directors of the Company on recommendation of Audit Committee have revised and adopted this policy on this 16th day of April, 2019(w.e.f. 1st April, 2019). The Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. This revised policy shall supersede the existing Policy on Materiality of Related Party Transactions and Dealing with Related Party Transaction with effect from 1st April, 2019

2. The Policy has been replaced based on the provisions related to 'Materiality of Related Party Transactions and Dealing with Related Party Transaction' under the "Act" and the "Regulation" as on date. Any subsequent amendment in these provisions would ipso-facto apply to this Policy.

II. OBJECTIVE

1. Objective of this Policy is to ensure the approval and reporting of 'Related Party Transactions', as applicable, between the Company and any of its Related Party. The Policy is designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct and reporting of the 'Related Party Transactions', in terms of the applicable laws.



2. The Audit Committee of Vani Commercial Limited ("Audit Committee"), shall review, approve and ratify 'Related Party Transactions' based on this Policy.

III. TRANSACTION COVERED BY THIS POLICY

All 'Related Party Transactions' shall be covered under this Policy

IV. DEFINITIONS

Definitions as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1) **"Related Party"** means

- a) A related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards
- b) Any person or entity belonging to the Promoter or Promoter group of the Company and holding 20% or more of shareholding in the listed entity

2) **"Related Party Transaction"** means a transfer of resources, services or obligations between the 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 transactions in a contract.

3) **"Relative"** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

Definitions as per Companies Act, 2013

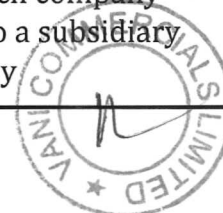
1. **"Related Party"** with reference to a Company, means :

- i. a Director or his relative
- ii. a Key Managerial Personnel or his relative
- iii. a Firm, in which a Director, Manager or his Relative is a Partner
- iv. a Private Company in which a Director or Manager or his Relative is a Member or Director
- v. a Public Company in which a Director and Manager is a Director and holds along with his relatives, more than two per cent of its paid-up share capital
- vi. any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager
- vii. any person on whose advice, directions or instructions a Director or Manager is accustomed to act

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity

viii. anybody corporate which is

- a holding, subsidiary or an associate company of such company
- a subsidiary of a holding company to which it is also a subsidiary
- an investing company or the venture of the company



- ix. a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party

2. "Relative" means anyone who is related to another, if—

- i. they are members of a Hindu Undivided Family
- ii. they are husband and wife
- iii. One person is related to another in such a manner as may be prescribed

Rule 4 of the Definition Rules have prescribed the following persons who shall be deemed to be the relative of another, if he or she is related to another in the following manner

- Father: the term "Father" includes step-father
- Mother: the term "Mother" includes the step-mother
- Son: the term "Son" includes the step-son
- Son's wife
- Daughter
- Daughter's husband
- Brother: the term "Brother" includes the step-brother
- Sister: the term "Sister" includes the step-sister

3. "Office of place of profit" means any office or place---

- i. where such office or place is held by a Director, if the Director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent-free accommodation
- ii. where such office or place is held by an individual other than a Director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise

4. "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

V. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

1. By the Audit Committee of the Board

- a) All related party transactions shall require prior approval of the Audit Committee
- b) the Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval or such transactions which shall include the following, namely:



- the Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Company and such approval shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

- (i) Repetitiveness of the transactions (in past or in future);
- (ii) Justification for the need of omnibus approval.

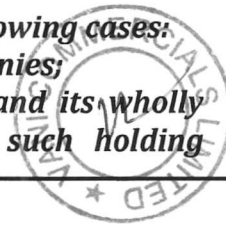
- the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity
- the omnibus approval shall contain the following:
 - i. the name (s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - ii. the indicative price/ current contracted price and the formula for variation in the price, if any;
 - iii. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - iv. the maximum value per transaction which can be allowed;
 - v. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - vi. transactions which cannot be subject to the omnibus approval by the Audit Committee;
 - vii. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction

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.

- the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given ;
- Such omnibus approvals shall be valid for a period not exceeding one Financial Year and shall require fresh approvals after the expiry of Financial Year ;
- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company;
- All material related party transactions shall require 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 ;

Please Note: above mentioned points are not applicable on following cases:

- (a) Transactions entered into between two government companies;***
- (b) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding***



company and placed before the shareholders at the general meeting for approval.

Explanation. - For the purpose of clause (a), "government company(ies)" means Government.

2. By the Board of Directors

- i. All cases where the 'Related Party Transactions' are not in the ordinary course of business and/or are not on arm's length basis but within the prescribed limits as per the Companies (Meetings of Board & its Powers) Rules, 2014, shall be brought before the Board of Directors at a meeting of the Board for approval through Audit Committee.
- ii. 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.

3. By the Shareholders

(i) All 'Related Party Transactions' that are beyond the prescribed limits as per Companies (Meetings of Board & its Powers) Rules, 2014 and being not in the ordinary course of business of the company and/ or not on an arm's length basis,

and

(ii) All 'Material Related Party Transactions' as per ,

shall require approval of shareholders

*For this purpose, all member(s) falling under the definition of Related Party(ies) shall abstain from voting irrespective of whether the member(s) is a party to the particular transaction or not. This shall not apply when ninety per cent. or more members, in number, are relatives of promoters or are related parties.

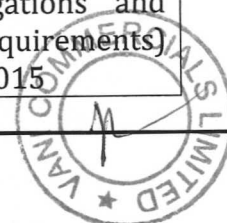
VI. KEY PRINCIPLES

A. Materiality Thresholds for Related Party Transactions

The related party transactions for being executed have to be approved by Audit Committee and/or Board of Directors and further by the Shareholders as well where, such transactions touches the materiality as discussed below in accordance with the Companies Act, 2013 and Regulation 23 of Listing Regulations.

Materiality of related party transactions is as below:

Nature of Transactions	Materiality as per Companies Act, 2013	Materiality as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015



**Sale, purchase or supply of any goods or materials directly or through appointment of agents	amounting to ten percent or more of the turnover* of the company or rupees one hundred Crore, whichever is lower	<p>1. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity</p> <p>2. 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.</p>
**selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	amounting to ten percent or more of net worth* of the company or rupees one hundred Crore, whichever is lower	
**leasing of property any kind	amounting to ten percent or more] of the net worth* of company or ten per cent or more of turnover* of the company or rupees one hundred Crore, whichever is lower	
**availing or rendering of any services, directly or through appointment of agent	amounting to ten percent or more of the turnover* of the company or rupees fifty Crore, whichever is lower	
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	
for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	exceeding one percent of the net worth*	

****The turnover or net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year***

***** It is hereby clarified that these limits shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.***

VII. OTHER REQUIREMENTS:

1. Every contract or arrangement with Related Party shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
2. Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval of Members by resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the Members at a General Meeting within three months from the date on which such contract or arrangement was entered into, such contract



or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.

3. The Company may proceed against a Director or any other Employee who had entered into such contract or arrangement in contravention of the provisions of this Policy, The "Act" and The "Regulations" for recovery of any loss sustained by it as a result of such contract or arrangement.
4. Any Director or any other Employee of a Company, who had entered into or authorised the contract or arrangement in violation of the provisions of this Policy, The "Act" and The "Regulations" shall be punishable as per the provisions of these laws
5. The policy on materiality of related party transaction and on dealing with related party transactions shall be reviewed by the board of Directors atleast once every three years and updated accordingly.
6. The Comapny shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website

VIII. AMENDMENT TO THE POLICY

The Board of Directors and /or the Company Secretary of the Company are authorized to amend or modify this Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

