

# VERITAS (INDIA) LIMITED

## RELATED PARTY TRANSACTION POLICY AND DEALING WITH THE RELATED PARTY TRANSACTION

### PREAMBLE

The Board of Directors (“the Board”) of **Veritas (India) Limited** (the “Company”), has adopted the following Policy and procedure in relation to Related Party Transactions. The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Law and Regulation. The Audit Committee shall review and amend this Policy from time to time, as may be required.

This Policy will be applicable to the various transactions entered into by the Company with the Related Parties. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

### PURPOSE

This policy is framed as per the requirement of Clause 49 of the Listing Agreement as amended by Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

Related Party Transactions are considered appropriate only if they are in the best interests of the Company and its Shareholders. The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations, as may be amended from time to time. This policy therefore lays down the mechanism to deal with the Related Party Transaction.

### DEFINITION

“**Act**” means the Companies Act, 2013 including the rules, schedules, clarifications, circulars or re-enactment thereof.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 and as per Regulation 18 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for audit related purpose.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director or Chief Executive Officer or Manager and in their absence, a Whole Time director;
- (ii) Company Secretary and
- (iii) Chief Financial Officer

**“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. For determining Arm’s Length Basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.

**“Related Party Transaction”** A related party transaction is a transfer of resources, services or obligations between a Company and a related party as specified under sub-section 76 of Section 2 read with Section 188 of the Act and Rules prescribed thereunder, 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.

**“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 threshold of ten percent of the annual consolidated turnover as per the last audited financial statements of the Company requiring shareholder’s approval.

**“Related Party”** means related party as defined under sub-section 76 of Section 2 of Companies Act, 2013 or under applicable accounting standards.

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

Any other Words, terms and expressions used and not defined herein shall have the same meaning respectively defined in the Act, rules or Listing Agreement, Securities Contracts (Regulation) Act, 1956 or any other Applicable Law or Regulation in force.

## **POLICY AND PROCEDURE**

### **POLICY**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions. Approval of the shareholders shall not be required for any transactions to be entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

All transactions with Related Parties shall be in the ordinary course of business and at arm’s length and shall be subject to the prior approval of the Audit Committee. If any transaction with Related Party(s) is not in the ordinary course of business and/or not at arm’s length, then all such transactions -

- a. will require prior approval of the Audit Committee;
- b. will require prior approval of the Board; and
- c. Will require prior approval of the shareholders of the Company by special resolution if they exceed the threshold limits mentioned u/s 188 of the Act read with Rules.

## **PROCEDURE**

### **A. Disclosure by Directors**

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

### **B. Identification of Transaction with related Parties**

The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will, in fact, constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.

Each Director and Key Managerial Personnel shall make an annual declaration to the Company in the last month ending before the financial year and this declaration shall be placed before the Audit Committee and the Board of Directors at their first meeting held at the succeeding financial year. Any change in the list of relatives shall be intimated by the Directors and KMPs by way of a fresh declaration to the Company.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

### **C. Approval of Related Party Transaction**

#### **i. Audit Committee**

As mentioned above, all the Transactions proposed to be entered into with Related Parties shall require prior approval from the Audit Committee. All the transactions which are identified by the Audit Committee as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- Name of party and details explaining nature of relationship
- Duration of the contract and particulars of the contract and arrangement
- Nature of transaction and material terms thereof including the value, if any;
- Manner of determining the pricing to ascertain whether the same is on arm's length
- Business rationale for entering into such transaction
- Any other information relevant or important for the Board to take a decision on the proposed transaction

The Audit Committee shall call for additional information as may be required for granting approval to such Transactions.

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction

In respect of Transactions which are repetitive in nature, the Audit Committee may, after satisfying itself as to the need for granting such approval, provide an omnibus approval for each transaction with Related Party within which the transactions with the Related Parties should be executed during the year. Such omnibus approval for Related Party Transactions proposed to be entered into by the Company shall be granted subject to the following conditions:

a. 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 be applicable in respect of transactions which are repetitive in nature.

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

c. such omnibus approval shall specify the following:

- the name/s of the related party;
- nature of transaction;
- period of transaction;
- maximum amount of transaction that can be entered into;
- the indicative base price / current contracted price and the formula for variation in the price if any and
- such other conditions as the Audit Committee may deem fit.

d. 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.

e. 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.

f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

If the Committee determines that a Related Party Transaction is

(i) a Material related party transaction or

(ii) Transactions are not in the ordinary course of business or not at the arm's length price, the Audit Committee shall place the matter before the board for obtaining its approval.

## **ii. Board of Directors**

The Audit Committee will also undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require further approval of the Board, or if the Audit Committee refer any of the Related Party Transactions brought before it or it being mandatory under any law, for approval of the Board. The Board may on its own accord also decide to review any Related Party Transaction. The above mentioned procedure as followed by the Audit Committee shall be followed by Board for considering and granting approval to Related Party Transactions. 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.

The Audit Committee shall periodically review this RPT policy and may recommend amendments, from time to time as it may deem appropriate, to the Board.

### **iii. Shareholder approval**

If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to the Companies Act, 2013 and read with rule, the same shall be put up for approval by the shareholders of the Company. If any member of Company is a related party as per this policy, such member of the Company shall not vote on resolution passed for approving such related party transaction.

## **D. Review of Related Party Transaction**

All the transactions with Related Parties shall be referred to the Audit Committee for review at its scheduled quarterly meetings or as may be called upon by the Audit Committee from time to time along with all relevant information of such transaction(s).

The Audit Committee shall periodically review this RPT policy and may recommend amendments, from time to time as it may deem appropriate, to the Board.

The Audit Committee may seek advice of external consultants and experts on determining whether a particular transaction which is being considered by the Audit Committee would be regarded on an arms' length basis or otherwise.

### **Guidelines for review and approval of Related Party Transaction:**

To review a Related Party Transaction, the Board or Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the purpose and potential benefits to the Company of the transaction and any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction, as may be considered material by the Audit Committee or Board or shareholders, as may be applicable in the light of circumstances of a particular transaction. In determining whether approval needs to be accorded to a Related Party Transaction, the Board or Audit Committee will consider the following factors:

- Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a 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 present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall interest of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director, Key Managerial Personnel or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board or Audit Committee deem fit to consider.

The Audit Committee or Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction. Further, the Audit Committee or Board reserves the authority to modify or waive any procedural requirements of this Policy.

#### **RELATED PARTY TRANSACTION WHICH DO NOT REQUIRE APPROVAL:**

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, subject to the provisions of the Companies Act, 2013 and rules thereunder as amended till date.

#### **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In case of any urgency, any Transaction has been undertaken/ is being undertaken with a Related Party without obtaining requisite approval under this RPT policy, such transactions should be immediately reported to the Company Secretary. Such Transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. Based on the information provided, the Committee shall evaluate the transaction and take such necessary steps, as it may consider appropriate including ratification, revision or termination or Revision of any terms of the Related Party Transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered into with any related party in contravention of this RPT policy and recommend to the Board for its approval.

#### **DISCLOSURE:**

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- Every Related Party Transaction shall be appropriately disclosed in the Director's Report.
- The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

This Policy will be communicated to all the operational employees and other concerned persons of the Company.

#### **COMMUNICATION OF THE POLICY:**

This Policy shall be displayed on the website of the Company (i.e. [www.veritasinida.net](http://www.veritasinida.net))

#### **AMENDMENT**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. Unless otherwise specified, such amendments shall come into effect from the date of the meeting of the Board of Directors at which such amendment are approved.

This Policy is approved by the Board of Directors at their meeting held on 12th August, 2016.