



**VERITAS**  
FINANCE

Veritas Finance Limited –  
Policy on materiality of  
related party transactions  
and on dealing with  
related party transactions

Doc. No: Policy/001  
First Issue Date: 26.02.2020  
Second Issue Date: 09.01.2025  
Third Issue Date: 04.02.2026  
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**VERITAS FINANCE LIMITED**

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

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#### REVISION HISTORY

S. No.	Date of Revision	Particulars of revision
1.	<u>26.02.2020</u>	Approval of the Policy to bring uniform practices relating to Related Party Transactions covering the process, methodology, arm's length pricing, approval mechanism, disclosures and compliances with the provisions of the Companies Act 2013 and rules framed thereunder, Listing Regulations and the Transfer Pricing norms prescribed under the Income Tax Act, 1961 and Accounting Standards.
2.	09.01.2025	The policy has been amended in line with extant SEBI Regulations.
3.	04.02.2026	The policy has been amended in line with Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) - Amendment Directions, 2026, dated January 05, 2026, and Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, Amendment Directions, 2026, dated January 05, 2026.

**INTRODUCTION:**

As per the existing regulatory requirements, Veritas Finance Limited (the “**Company**”) is required to devise a policy on materiality of related party transactions and on dealing with related party transactions (“**Policy**”). 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. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

**REGULATORY FRAMEWORK**

1. The Companies Act, 2013 (“**Companies Act**” or “**the Act**”) under sections 177 and 188, contains the provisions regarding related party transactions. These sections, along with the relevant rules framed under the Companies Act, have introduced certain compliance and approval requirements regarding the Related Party Transactions.
2. Further, Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“**SEBI LODR Regulations**”) has also introduced certain approval requirements regarding the Related Party Transactions. Regulation 23 also requires the listed companies to formulate a policy on dealing with Related Party Transactions.
3. This Policy has also been framed basis as per with the requirements of Reserve Bank of India (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025, and [Reserve Bank of India \(Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures\) Directions, 2025..](#)

**PURPOSE AND SCOPE:**

The objective of this Policy is to bring uniform practices relating to Related Party Transactions covering the process, methodology, arm’s length pricing, approval mechanism, disclosures and compliance with the provisions of the Companies Act and rules framed thereunder, SEBI LODR Regulations and the transfer pricing norms prescribed under the Income Tax Act, 1961 and accounting standards.

This Policy is intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions may be considered appropriate only if they are in the best interest of the Company and its shareholders.

The Board of Directors (“**Board of Directors**” or “**Board**”) of the Company in pursuance of Regulation 23 of SEBI LODR and other applicable provisions, has adopted this Policy’ to regulate the transactions between the Company and its Related Parties. The Board further recognizes that transaction with Related Party(s) could raise conflicts of interest and therefore has adopted this Policy to be followed in connection with all Related Party Transactions involving the Company. All transactions with Related Party shall be subject to review and approval in accordance with the procedures set forth below, inter-alia, the provisions of applicable laws.

**DEFINITIONS:**

In this Policy, unless the context otherwise requires:

- i) **“Arm’s Length Transaction”:** Arm’s Length Transaction as per section 188(1) (b) of the Companies Act means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- ii) **“Audit Committee”:** Audit Committee means the Committee of the Board constituted from time to time under the provisions of the SEBI LODR Regulations and section 177 of the Companies Act.
- iii) **“Company”** or **“Employer”** means ‘Veritas Finance Limited’ bearing CIN- U65923TN2015PLC100328, having its registered office at SKCL Central Square 1, South Wing Unit # C28 – C35 CIPET Road, Thiru Vi Ka Industrial Estate, Guindy Chennai 600032.
- iv) **“Control”**
  - a. ownership, directly or indirectly, of more than one half of voting power of an enterprise, or
  - b. control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
  - c. a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.
- v) **“Effective Date”:** Effective Date means the date on which such Policy shall become effective i.e. February 26, 2020.
- vi) **“Key Managerial Personnel” or (“KMP”)** shall have the meaning as defined in the Companies Act.
- vii) **“Ordinary Course of Business”** includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. The ordinary course of business covers the usual transactions, customs and practices related to the business. The following factors are indicative of a transaction being in the ordinary course of business: i. The transaction is normal or otherwise unremarkable for the business. ii. The transaction is frequent/regular iii. The transaction is a source of income for the business iv. Transactions that are part of the standard industry practice, even though the Bank may not have done it in the past. These are not exhaustive criteria and the Bank will have to assess each transaction considering its specific nature and circumstances.
- viii) **“Related Party”**

In relation to the Company, means a Related Party as defined under section 2 (76) of the

Companies Act or under the applicable accounting standards: “Provided that any person or entity belonging to the promoter or promoter group of the Company, if applicable, and holding 20% or more of shareholding in the Company shall be deemed to be a related party”

ix) **“Related Party Transaction” or “RPTs”**

As per the SEBI LODR Regulations, “Related Party Transaction” means a transfer of resources, services or obligations between a listed entity 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. As per section 188(1) of the Act Related Party Transaction will include following specific transactions:

- 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.
- viii) financing (including loans and equity contributions in cash or kind)

x) **Relative**

In terms of section 2(77) of the Act read with the Companies (Specification of Definitions Details) Rules, 2014 a person is said to be a relative of another, if –

- a. They are members of a Hindu undivided family;
- b. They are husband and wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife;
- g. Daughter;
- h. Daughter’s husband;
- i. Brother (including step-brother);
- j. sister (including step-sister).

**MATERIAL RELATED PARTY TRANSACTION:**

“Material Related Party Transaction” shall have the same meaning as given to ‘a transaction with a Related Party shall be considered material’ under the SEBI LODR Regulations, as may be amended from time to time. i.e., It means 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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

“**MATERIAL MODIFICATION(S)**” means and includes any modification to an existing Related Party Transactions having a variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / shareholders, as the case may be or Rs. 1 Crore, whichever is higher, or by which the transaction ceases to be in ordinary course and/or on arms’ length or such other parameter as may be determined by the Audit Committee from time to time.

**IDENTIFICATION OF RELATED PARTY AND POTENTIAL RELATED PARTY TRANSACTIONS**

Directors and the Key Managerial Personnel shall be responsible to inform the Company Secretary on appointment and then immediately as and when any change occurs in relationships with Related Party on annual basis viz. relatives, directorships, holdings, interests and/ or controls etc.

If a director, Key Managerial Personnel wishes to enter into a Related Party Transaction with the Company involving either him/her or his/her Relative shall give a notice to the Company along with all relevant details and documents, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

It is hereby clarified that notice of any Related Party Transactions referred above shall be given well in advance so that the Company has adequate time to obtain additional information or documents about the proposed Related Party Transactions, if necessary, which is required to be placed before the Audit Committee to enable it to approve the said transactions

The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The Company Secretary shall prepare and maintain the database of Related Parties on the basis of aforesaid information/declaration including any revisions therein.

**LENDING TO RELATED PARTIES:**

Credit facilities to Related Parties including directors, KMPs and their related parties, shall be governed by the applicable Reserve Bank of India (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025, and Veritas's Master Credit Policy, as amended from time to time. Such exposures shall be subject to enhanced governance and approval requirements.

For the purpose of this para, the definition of Related Party and other applicable terms shall be construed as per the definition as prescribed under the Reserve Bank of India (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025 and Veritas's Master Credit Policy.

**APPROVING AUTHORITY:****A: BY THE AUDIT COMMITTEE:**

All the transactions which are identified as Related Party Transactions and subsequent Material Modifications thereto should be preapproved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval. Only those members of the Audit Committee, who are independent directors shall approve such Related Party Transactions.

Any member of the Audit Committee who has any interest in any Related Party Transaction shall not vote to approve the Related Party Transaction. A Related Party Transaction which is (i) not in the Ordinary Course of Business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

The Audit Committee shall approve with or without any subsequent modification of transactions of the Company with Related Parties.

The Audit Committee shall mandatorily review the statement of significant Related Party Transactions as submitted by the management.

**B: BY THE BOARD OF DIRECTORS:**

(A) The following Related Party Transactions shall be placed before the Board of Directors at a meeting for approval, after the approval of the Audit Committee:

- (i) Related Party Transactions referred by the Audit Committee including Material Related Party Transactions and subsequent Material Modifications thereto;
- (ii) Related Party Transactions not on arm's length basis, and/or;
- (iii) Related Party Transactions not in the Ordinary Course of Business.

(B) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose the details as required under the Companies Act and the SEBI LODR Regulations.

(C) Any director interested in any contract or arrangement with a Related Party shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or

arrangement.

**C : BY THE SHAREHOLDERS:**

- (A) Prior approval of the shareholders of the Company shall be obtained for Material Related Party Transactions and subsequent Material Modifications under the SEBI LODR Regulations, by way of an ordinary resolution.
- (B) Any Related Party Transaction which is not in the Ordinary Course of Business and/or not on Arm's Length Basis, and crosses prescribed threshold limit as per Companies Act will require prior approval of the shareholders.

No Related Party shall vote to approve on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- (C) The explanatory statement to be annexed to the notice of a general meeting convened shall contain such particulars as required under the Companies Act and the SEBI LODR Regulations.

The Audit Committee or the Board shall after considering the materials placed before them judge if the transaction is in the Ordinary Course of Business on an Arm's Length Basis.

**Omnibus approval**

The Audit Committee may, in the best interests of the Company and to ensure smooth operations, grant overall approval for Related Party Transactions, proposed to be entered into by the Company which are repetitive in nature, and which are routine and incidental to the general operations of the Company.

The Audit Committee may make overall approval for Related Party Transactions proposed to be entered into by the Company subject to the following:

(1) Overall Approval Criteria: The criteria for making the overall approval shall include the following, namely:

- a. maximum value of the transactions, in aggregate, which can be allowed under the overall route in a year;
- b. the maximum value per transaction which can be allowed;
- c. extent and manner of disclosures to be made to the Audit Committee at the time of seeking overall approval;
- d. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each of overall approval made;
- e. transactions which cannot be subject to the overall approval by the Audit Committee.
- f. other conditions as Audit Committee may deem fit.

(2) The omnibus approval shall specify:

- a. name of the Related Parties;
- b. nature and duration of the transaction;
- c. maximum amount of transaction that can be entered into;
- d. the indicative base price or current contracted price and the formula for variation in the price, if any; and
- e. 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 make overall approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(3) Overall approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

(4) Overall approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

(5) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

**Disclosure:**

Each director who is, directly or indirectly, concerned or interested in any way in any transaction with the Related Party shall disclose all material information and the nature of his interest in the transaction to the Audit Committee or Board of Directors.

**Reporting of Related Party Transactions:**

Every contract or arrangement, which is required to be approved by the Audit Committee / Board / shareholders as applicable under this Policy, shall be referred to along with the justification for entering into such contract or arrangement. The Company would disclose the Related Party Transactions it has entered in the annual report. The Policy will be disclosed on the website of the Company at <https://www.veritasfin.in/> and web link thereto shall be provided in the annual report of the Company.

The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act.

**Disclosure in Financial Statements – Notes to Accounts:**

**Exposures to Related Parties**

In 'Notes to Accounts' to the financial statements, the Company shall disclose the details of Related Party disclosures as per the format prescribed in sub-paragraph 21(9) and effective April 01, 2026, details of exposures to related parties as defined in [Reserve Bank of India \(Non-Banking Financial Companies – Credit Risk Management\) Directions, 2025](#) shall be disclosed as per the format prescribed in sub-paragraph 21(9A) of [the](#) said Directions.

**Ratification:**

A Related Party Transaction entered into, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification within three months from the date of the transaction or next Audit Committee meeting whichever is earlier.

Any transaction entered into with any Related Party, without obtaining approval of the Audit Committee/Board/shareholders as the case may be, would be voidable at the option of the Audit Committee/Board/shareholders, unless it has been ratified by the Audit Committee//Board/shareholders within three months from the date of the transaction.

Variation of up to threshold limits of Material Modifications as defined herein above, over and above the approved limits of the Related Party Transactions due to business needs of the Company considering the operational convenience and in the overall interest of the Company is permissible subject to its ratification by the Audit Committee.

**Review of Policy:**

The Board of Directors shall review the Policy mandatorily every three years and update accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy. The Board can from time to time authorize directors to make changes in the Policy due to regulatory or legal requirements.