



**VERITAS**  
FINANCE

Veritas Finance Private  
Limited – Policy on RPT

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**VERITAS FINANCE PRIVATE LIMITED**  
**POLICY ON RELATED PARTY TRANSACTIONS**

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**INTRODUCTION:**

As per the existing regulatory requirements, Veritas Finance Private Limited (the Company) is required to devise a policy on Related Party Transactions. 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 (Regulation 23) 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.

**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 2013 and rules framed thereunder, Listing 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 ("the board") of the Company in pursuance of Regulation 23 of SEBI LODR and other applicable provisions, has adopted Related Party Transaction Policy ("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:

“Company” or “Employer” means ‘Veritas Finance Private Limited’ bearing CIN-U65923TN2015PTC100328, having its registered office at SKCL Central Square 1, South Wing Unit # C28 - C35 CIPET Road, Thiru Vi Ka Industrial Estate, Guindy Chennai 600032.

- i) **“Arm’s length transaction”** (Section 188(1) (b) of Companies Act, 2013) Mean transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- ii) **“Audit Committee”** ” means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.
- iii) **“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.
- iv) **“Key Managerial Personnel” or (“KMP”)** shall have the meaning as defined in the Companies Act 2013
- v) **“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.
- vi) **“Related Party”**

In relation to the Company, means a related party as defined under subsection (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards: “Provided that any

person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party”

vii) **“Related Party Transaction” (hereinafter referred as “RPTs”)**

As per SEBI (LODR), “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 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)

viii) **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).

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

All the transactions which are identified as related party transactions 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.

Any member of the 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 & Risk Management Committee shall mandatorily review the Statement of significant related party transactions as submitted by management;

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

**Under the Listing Regulations:** All Material Related Party Transactions under the Listing Regulations which are subject to approval of the shareholders shall require the approval of the Board of Directors at a Meeting of the Board or by Circulation.

**Under the Companies Act, 2013:** All "Related Party Transactions which are not in Ordinary Course of Business or not at an Arm's Length" shall require the prior approval of the Board of Directors at a Meeting of the Board and cannot be passed by Circulation.

**C : BY THE SHAREHOLDERS:**

**Under the Listing Regulations:** All Related Party Transactions under the Listing Regulations shall require approval of the Shareholders' by means of a Resolution passed at a General Meeting or through Postal Ballot. All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not. Approval of shareholders is not required for any transaction entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

**Under the Companies Act, 2013:** All "Related Party Transactions which are not in Ordinary Course of Business or not at an Arm's Length" and exceeding the prescribed criteria under Section 188 of the Companies Act, 2013 shall require prior approval of the Shareholders' by means of a Resolution passed at a General Meeting or through Postal Ballot. In case of Wholly Owned Subsidiary, the Resolution passed by

the Company shall be sufficient (for the Wholly Owned Subsidiary Company) for the purpose of entering into the transactions between the Wholly Owned Subsidiary and the Company.

**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 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 in the website of the Company 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, 2013.

**Review of Policy:**

The Board may periodically review this Policy and may recommend amendments to this Policy as it deems appropriate.