

POLICY ON RELATED PARTY TRANSACTION

SCOPE OF THE POLICY

This Related Party Transactions Policy is for determining the materiality of Related Party Transactions and also about dealing with Related Party Transactions. This policy is prepared in accordance with the requirement of Listing Agreement, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and Companies Act, 2013 and relevant rules made thereunder; as amended from time to time.

This policy shall regulate the transactions between the Company and its related parties as per the requirements and disclosures under the applicable laws, rules and regulations.

PURPOSE OF THE POLICY

Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges mandates that all listed companies formulate their policy on materiality of related party transactions and also on dealing with Related Party Transactions, to ensure the proper approval and reporting of transactions between the Company and its Related Parties. The Company is required to make various disclosures of its related party transactions before the Board /shareholders, as the case may be, and also disclose the same as required, in its Board Report, Financial Statements or any other documents as provided under law, on an annual basis and in the compliance report to be sent to the stock exchanges on quarterly basis. This Policy is also prepared for the identification and regulation of the Related Party Transactions keeping in view the provisions of the Companies Act, 2013 and rules thereunder.

DEFINITIONS

- **Act:** means Companies Act, 2013;
- **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;
- **Board:** means the Board of Directors of Veto Switchgears and Cables Limited;
- **Committee:** means the Audit Committee as defined under the Companies Act, 2013 and the Listing Agreement;
- **Company:** means Veto Switchgears and Cables Limited;
- **Material Related Party Transaction:** means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company;
- **Related Party Transaction:** means a contract or arrangement or transaction of the Company with a Related Party under the relevant provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement as amended from time to time;

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- **Related Party:** means an entity related to the Company where:
 - I. Such entity is a related party Section 2(76) of the Companies Act,2013;or
 - II. Such entity is a related party under the applicable accountings standards;
- **Relative:** means relative as defined under the Companies Act, 2013. A person shall be deemed to be relative of another, if he or she is related to another in the following manner, namely:
 - i. They are members of a Hindu undivided family;
 - ii. They are husband and wife; or
 - iii. Father (including step-father);
 - iv. Mother (including step-mother)
 - v. Son(including step-son)
 - vi. Son's Wife
 - vii. Daughter
 - viii. Daughter's husband
 - ix. Brother (including step-brother)
 - x. Sister (including step-sister)
- **Transaction(s):** means a transaction(s) with a related party shall be construed to include single transaction or a group of transactions in a contract/arrangement;

MATERIALITY THRESHOLDS

Clause 49 of the Listing Agreement requires a Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a special resolution. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Clause 49 (VII) (C) of the Listing Agreement.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of related parties

Veto Switchgears and Cables Limited has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Clause 49 of the Listing Agreement.

b) Identification of related party transaction

In terms of Companies Act, 2013, the transactions which shall be considered as Related Party Transactions, if entered into between the Company and its Related Party are any contracts or arrangements that the Company enters into with a Related Party with respect to as prescribed in Section 188 of the Companies Act, 2013:

- a) Sale, Purchase or Supply of any goods or materials;
 - b) Selling or otherwise disposing of, or buying property of any kind;
 - c) Leasing of property of any kind;
 - d) Availing or rendering of any services;
 - e) Appointment of any agent for purchase or sale of goods, materials, services or property;
 - f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
 - g) Underwriting the subscription of any securities or derivatives thereof, of the Company.
- Any other transaction wherein transfer of resources, services or obligations is taking Place with a related party, regardless of whether a price is charged as per the Listing Agreement.

c) **Procedure for approval of related party transactions**

- Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee

Omnibus Approval

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

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

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

In determining whether to approve a Related Party Transaction, the Committee will consider the following facts, among others to the extent relevant to the Related Party Transaction:

- a) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company.
- b) 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;
- c) Whether the nature of proposed transaction is something that the Company would have ordinarily done in the course of its business;
- d) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- e) Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company or in contravention of any law; and
- f) Any other factor the Committee deems relevant for reviewing and approving such Related Party Transaction.

- Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all Kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

