



Related Party Transaction Policy

V2.0

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Related Party Transactions Policy

1. Introduction

Visage Holdings and Finance Private Limited ("Company") promotes to be ethical and encourages authentic and transparent approach in all its dealings.

Considering the requirements to approve the Related Party transactions as prescribed under Section 177 and Section 188 of the Companies Act, 2013 ("the Act"), applicable provisions of the Master Direction - Non-Banking Financial Company -Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, the company has framed this Policy with regard to Related Party Transactions ("RPT Policy")

The Board of Directors shall review and may amend this policy from time to time on recommendation of the Audit Committee.

2. Objectives and Scope

The objective of this policy is to prescribe a specified manner of dealing with Related Party Transactions as per the provisions of the Companies Act and any other applicable Regulations to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties, in the best interest of the Company and its stakeholders.

The Scope of the Related Party Transaction covers below:

- Materiality thresholds for Related Party Transactions.
- Related Party Transactions carried out in the ordinary course of business and at arm's length price.
- Related Party Transactions to be entered into by the Company, except in accordance with the provisions of this RPT Policy.

3. Definitions

- a) Audit Committee:** As per Section 177 of the Companies Act, 2013, every listed public Company and such other class or classes of companies, shall constitute an Audit Committee. Further, as per Regulation 70 of RBI Master Direction on Systematically Important Non-Banking Financial Companies, all applicable NBFCs shall constitute an Audit Committee consisting of not less than 3 (three) members of its Board of Directors.
- b) Board of Directors or Board** in relation to a Company means the collective body of the directors of the Company.
- c) Key Managerial Personnel** in relation to a Company means
- i. The Chief Executive Officer, or the Managing Director or the Manager;
 - ii. The Whole-time director;
 - iii. The Chief Financial Officer
 - iv. The Company Secretary
- d) Related Party** with reference to a Company, means -
- i. a director or his relative;
 - ii. 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 or manager and holds is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
 - vi. anybody 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. any company which is—
 - a. a holding, subsidiary or an associate company of such company; or
 - b. a subsidiary of a holding company to which it is also a subsidiary;
 - c. an investing company or *the* venturer of the company;

Explanation: For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- ix. A Director, other than independent director or key managerial personnel of the holding company or his relative with reference to a company;

e) Related Party Transaction (RPT)

Section 188 of the Companies Act, 2013 states that except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to:

- 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.

Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a resolution

Provided further that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party

Provided also that nothing contained in the second proviso shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties

Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis

Provided also that the requirement of passing the resolution under first proviso shall not be applicable for 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.

Indian Accounting Standard (Ind AS) defines the term 'related party transaction' as a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The CFO and the Company Secretary will prepare a management note with justification for entering into the contract/arrangement/transaction which will also include whether the transaction is in the ordinary course of business and at arm's length.

- f) Relatives** with reference to any person means anyone who is related to another, if—
- i. they are members of a Hindu Undivided Family;
 - ii. they are husband and wife; or
 - iii. one person is related to the other in the following manner:
 - a. Father (including step-father)
 - b. Mother (including step-mother)
 - c. Son (including step-son)
 - d. Son's wife
 - e. Daughter
 - f. Daughter's Husband
 - g. Brother (including step-brother)
 - h. Sister (including step-sister)
- g) A "transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract."
- h) Material modifications** shall mean any subsequent change to an existing RPT, having variance of 20% of the existing limit or whichever is lower, as sanctioned by the Audit Committee/Shareholders, as the case may be.

4. Policy on Related Party transactions

All Related Party Transactions shall require the prior approval of the Audit Committee.

5. Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing Notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. 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.

Such notice of any potential Related Party Transaction shall be given well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

6. Approval of Related Party Transactions

6.1. Approval of Audit Committee

All Related Party Transactions shall require prior approval/ratification of Audit Committee, provided that only those members of the audit committee, who are independent directors, shall approve related party transactions whether at a meeting or by way of circulation resolution. However, where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a 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 authorized by any other director, the Directors concerned shall indemnify the company against any loss incurred by it.

6.1.1. Procedure for Approval

The Audit Committee will be provided with all relevant material information of Related Party Transactions, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters as specified under the Act.

The Audit Committee may accordingly approve or modify such transactions, in accordance with this Policy and/or recommend the same to the Board for approval.

The Independent Directors shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business and not at arm's length and assure themselves that the same are in the interest of the Company and its shareholders.

In the case of Transactions which are frequent and regular in nature and are in the normal course of business of the Company, the Audit Committee may fix up Limits within which the management may carry out such Transactions without any approval of the Audit Committee for the specific transactions as long as these are carried out on the principles approved by the Audit Committee. Further, it shall periodically review and assess such limits and revise the same as deemed proper and ensure that they are complying with this Policy and the guidelines here in.

6.1.2. Omnibus Approval

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

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:

- maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- the maximum value per transaction which can be allowed;
- extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
- transactions which cannot be subject to the omnibus approval by the Audit Committee.

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. Further, the Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:

- repetitiveness of the transactions (in past or in future);
- justification for the need of omnibus approval.

The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

Such omnibus approval shall specify

- the name/s of the related party;
- nature and duration of the 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 or information relevant or important for the Audit Committee to take 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.

Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval granted

by the Audit Committee earlier.

Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year. Further, omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

6.2. Prior Approval of Board of Directors

Transactions with the related parties which are either not in the Ordinary Course of Business or are not at Arms'Length shall require prior approval of the Board.

Where any director is interested in any contract or arrangement with a related party, such director shall not participate in the discussions and abstain from voting on the subject matter of the resolution relating to such contract or arrangement.

The Board is required to approve the criteria for the omnibus approval as prescribed under point 6.3 of this Policy.

6.2.1. Shareholder's Approval

Shareholder's approval shall be sought for transactions with the related parties which are either not in the 'Ordinary Course of Business' or are not on an 'Arm's Length Basis' and exceeds the threshold as prescribed under and under section 188 of the Companies Act 2013 and the rules thereunder, amended from time to time, shall also require the prior approval of the shareholders through ordinary resolution and no related party shall vote to approve on such resolutions whether the entity is a related party to the particular transaction or not:

No member of the Company shall vote on ordinary resolution, to approve any contract or arrangement which may be entered by the Company, if such member is a related party to the contract or arrangement for which the ordinary resolution is being passed.

6.3. Materiality of Related Party Transaction

The below mentioned is the threshold limits which shall require consent of the shareholders in addition to approval from the Audit Committee and the Board.

| # | Transactions | Threshold Limits |
|-------|--|--|
| (i) | Sale, purchase or supply of any goods or materials, directly or through appointment of agent | > 10 % of the turnover of the Company |
| (ii) | Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent | > 10 % of the net worth of the Company |
| (iii) | Leasing of property any kind | > 10 % of the turnover of the Company |
| (iv) | Availing or rendering of any services directly or through appointment of agent | > 10 % of the turnover of the Company |
| (v) | Appointment of any person in the office or any place of profit in the company, its subsidiary or associate company | Where monthly remuneration > INR 2,50,000. |
| (vi) | Remuneration for underwriting of subscription of any securities or derivatives of the Company | Where remuneration > 1 % of the net worth |

Provided that 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 listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, 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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior 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.

6.4. Related party transactions not approved under this policy

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

6.5. Disclosure of related party transactions and Policy

Details of all material transactions with related parties shall be disclosed in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in its Annual Report.

In addition to this, the Company shall submit to the stock exchange disclosures of related party transactions in the format as specified by the Board from time to time, every six months within fifteen days from the date of publication of its standalone and consolidated financial results and further shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

7. Governance and Amendments of the Policy

7.1. Governance of the Policy

The Company may constitute a steering committee which will be headed by the Chief Financial Officer and Company Secretary which will be headed by members from Finance, Corporate Secretarial and other functions as may be determined by the Chief Financial Officer and Company Secretary.

The Steering Committee shall meet periodically to ensure that the actions agreed with the Audit Committee and the Board with respect to Related Party Transactions have been implemented. The Steering Committee shall also ensure that the systems and processes are in place for identification and approval of the related Party Transactions as per this Policy.

7.2. Review and Amendments of the Policy

In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed by the Board of Directors at least once every three years and amended at the next possible opportunity.

In case of any amendments, clarifications, circulars etc. the amended regulatory requirements will supersede the Policy till the time this Policy is suitably amended.