

**VMS TMT LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS**

## **1. INTRODUCTION**

Sub-regulation 1 of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (effective December 1, 2015) requires listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors (the “**Board**”) at least once every three years and update accordingly.

The Board of VMS TMT Limited (the “**Company**”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee may from time to time review and recommend amendments to this policy to the Board. The Board may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

## **2. POLICY OBJECTIVE**

This policy sets policy for dealing with related party transactions including materiality of related party transactions..

## **3. DEFINITIONS**

3.1 “**Audit Committee**” or “**Committee**” means the committee constituted by the Board of Directors of the Company, from time to time, under the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

3.2 “**Board of Directors**” or “**Board**” means the Board of Directors of VMS TMT Limited, as constituted from time to time.

3.3 “**Company**” means VMS TMT Limited

3.4 “**Key Managerial Personnel**” shall have the meaning ascribed to the term under Section 2(51) the Companies Act, 2013 and shall mean:

- (i) the Chief Executive Officer or the Managing Director or the manager;
- (ii) the Whole-time Director;
- (iii) the Chief Financial Officer; and
- (iv) such other officer as may be prescribed under the Companies Act, 2013.

3.5 “**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 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 Company as per the last audited financial statements of the Company.

3.6 “**Policy**” means this policy on Related Party Transactions as amended from time to time

3.7 “**Related Party**”, in relation to the Company, shall refer to an entity which is:

- (i) a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) a related party under the applicable accounting standards.

3.8 “**Related Party Transaction**” means a transfer of resources, services or obligations between the Company 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.

3.9 “**Relative**” shall have the meaning ascribed to the term under section 2(77) of the Act and the relevant Rules thereunder.

#### 4. **POLICY**

##### 4.1. **Identification of Related Parties:**

The Company Secretary, based on the declarations provided by the Directors and Key Managerial Personnel and also based on the corporate structure shall prepare a list of all persons who shall be considered as related parties with reference to the Company.

##### 4.2. **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 or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

##### 4.3. **Restrictions related to Related Party Transactions**

All Related Party Transactions shall require prior approval of Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself on the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify:
  - 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. 1,00,00,000 (Rupees One Crore Only) per transaction.

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

Further, all Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not

Nothing contained in this Paragraph 4.3 shall apply to transactions entered into between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company and such

consolidated accounts are placed before the shareholders of the Company at the general meeting for approval (such transactions are hereinafter referred to as “Exempted Transactions”).

The provisions contained in this Paragraph 4.3 shall be applicable to all prospective transactions.

For the purpose of this Paragraph 4.3, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

The details of Related Party Transactions shall be disclosed in the Annual report of the Company, the Stock Exchanges and other regulatory bodies as per the provisions of applicable accounting standards, the Act, Listing Regulations or any other applicable laws and regulations.

#### **4.4. Review and Approval of Related Party Transactions by Audit Committee**

All Related Party Transactions, including Material Related Party Transaction but excluding Exempted Transactions, will be put to the Audit Committee for its review and prior approval in a meeting or by way of circular resolution. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits/ loss to the Company, and any other relevant matters.

In determining whether to approve a Related Party Transaction, the Committee may consider all such factors/ or may call such information/ or seek external advice/ opinion as it may consider appropriate in its sole judgment.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board’s review and approval of the matter, with such modification as may be necessary.

5. Where any contract or arrangement is entered into by a director or any other employee of the Company, without obtaining the consent of the Board or approval by a resolution in the general meeting under Section 188(1) of the Act and if it is not ratified by the Board or shareholders, as the case may be, within three months from the date of such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or the shareholders as the case may be.

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

#### **6. REVIEW AND UPDATION OF THE POLICY**

The Board shall review this policy at least once in every three years and if necessary shall update the same on the recommendation of the Committee.

#### **7. DISCLOSURES**

This Policy will be disclosed on the Company’s website [www.vmstmt.com](http://www.vmstmt.com) and a web link thereto would be disclosed in the Annual Report of the Company.

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