

# VLCC

## VLCC HEALTH CARE LIMITED

### RELATED PARTY TRANSACTION POLICY

<b>Type:</b> Policy	<b>Owner:</b> Board of Directors	<b>Custodian:</b> Company Secretary
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## VLCC HEALTH CARE LIMITED

### RELATED PARTY TRANSACTION POLICY

#### 1. PREAMBLE

- 1.1. VLCC Health Care Limited (“**VLHC**” or the “**Company**”) recognizes that while transacting with Related Parties (*as defined below*):
- a) Appropriate approvals, as required under Applicable Laws (*as defined below*), should be duly obtained;
  - b) transactions between the Company and its Related Parties are to be based on principles of transparency and arm’s length pricing; and
  - c) reporting and disclosures, as required under Applicable Laws (*as defined below*), should be duly made and adhered to, by the persons associated with the Related Party Transactions.
- 1.2. The Board (*as defined below*) of VLHC has adopted this policy governing Related Party Transactions (*as defined below*) including materiality of Related Party Transactions (this “**Policy**”) in compliance with the requirements of Section 188 and Section 177 of the Companies Act and rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (the “**Listing Regulations**”), and other Applicable Laws, through which it aims to provide guidance on identification of Related Party(ies), the standards for initiation of Related Party Transactions, assessment and consummation of Related Party Transactions and to communicate such transactions to everyone involved in VLHC’s business to ensure transparency and fairness throughout the entire process of undertaking Related Party Transactions and to comply with requirements of all Applicable Laws for all Related Party Transactions.

This Policy approved by the Board of Directors of the Company on 31 May 2021.

#### 2. DEFINITIONS AND INTERPRETATION

“**Accounting Standards**” shall mean the applicable standards of accounting, including the Indian Accounting Standards or Ind AS, or any addendum thereto, applicable to the Company in accordance with the Companies Act and as issued by the Institute of Chartered Accountant of India.

**“Annual Report”** shall mean the annual report of VLHC.

**“Applicable Laws”** include any statute, law, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, notification and clarification issued by any governmental or statutory or regulatory authority or other governmental instruction and/or mandatory standards, as may be applicable to the Company, with respect to Related Party Transactions, and as amended from time to time.

**“Audit Committee”** shall mean the audit committee constituted by the Board of Directors of the Company under applicable provisions of the Companies Act and the Listing Regulations.

**“Board of Directors”** or **“Board”** shall mean the board of directors of VLHC, or any duly authorized committee thereof.

**“Chief Executive Officer”** shall have the same meaning assigned to the term the Companies Act, and the Listing Regulations.

**“Chief Financial Officer”** shall have the same meaning assigned to the term under the Companies Act, and under the Listing Regulations.

**“Companies Act”** means the Companies Act, 2013, along with rules, notifications and circulars made/ issued thereunder, as amended from time to time.

**“Company Records”** shall mean the records and books of accounts of VLHC required to be maintained by VLHC as per Applicable Laws.

**“Company Secretary”** shall have the same meaning assigned to the term under the Companies Act.

**“Director”** shall mean a director on the Board.

**“Ethics and Compliance Committee”** shall mean the ethics and compliance committee constituted by the Board of Directors.

**“Key Managerial Persons”** or **“KMP”** shall have the same meaning assigned to the term under the Companies Act, and under the Listing Regulations.

**“Managing Director”** shall have the same meaning assigned to the term under the Companies Act, and under the Listing Regulations.

**“Manager”** shall have the same meaning assigned to the term under the Companies Act, and under the Listing Regulations.

**“VLHC Related Party”** or **“Related Party”** shall have the same meaning assigned to the term *‘related party’* under the Companies Act and the Listing Regulations.

**“VLHC Shareholders”** shall mean the shareholders of VLHC, whether individuals, entities, or financial institutions.

**“Related Party Transactions”** or **“RPTs”** shall have the same meaning assigned to the term under the Companies Act and the Listing Regulations, as may be applicable.

“**Relative**” shall have the same meaning assigned to the term under the Companies Act and the Listing Regulations.

“**Whole Time Director**” shall have the same meaning assigned to the term under the Companies Act.

Unless the context of this Policy otherwise requires, words of any gender are deemed to include those of the other gender.

Capitalized terms used and not defined herein shall have the same meaning assigned to such terms under the Companies Act, the Listing Regulations, and / or other Applicable Laws.

In order to determine the Related Party Transactions for which approval of VLHC Shareholders by way of a resolution would be required, the test of materiality shall be determined having regard to the relevant provisions of the Listing Regulations or the Companies Act, as applicable

The following as defined under **Regulations 23 of SEBI Listing regulations** shall be applicable for materiality threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

Explanation. - 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 10% of the annual consolidated turnover** of the listed entity as per the last audited financial statements of the listed entity.

(1A) Notwithstanding the above, with effect from July 01, 2019 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 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

### **3. WHO MAY INITIATE A PROPOSED RELATED PARTY TRANSACTION?**

The Company and/or any Related Party may initiate and conclude a proposed Related Party Transaction, subject to compliance with this Policy.

### **4. WHO ARE COVERED?**

This Policy applies to all Related Party Transactions, or modifications thereof, which may be initiated by the Company and/or any Related Party.

### **5. REQUIRED APPROVALS AND ACTION STEPS**

#### **5.1. Approval of the Audit Committee**

- a) All transactions which are identified as Related Party Transactions shall require prior approval of the Audit Committee, as per the requirements of the Companies Act and the Listing Regulations, as may be applicable.
- b) Where any member of the Audit Committee is interested in the Related Party Transaction being considered for approval at the meeting of the Audit Committee, such member shall not be present during discussions pertaining to such Related Party Transaction.
- c) To review the Related Party Transactions, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to such Related Party Transactions and/or as prescribed as per Applicable Laws. While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances including the terms and business purpose of such Related Party Transaction, the benefits to the Company and to the Related Party, whether such Related Party Transactions includes any potential risks that may arise as a result of, or in connection with, the proposed Related Party Transaction and any other relevant matters.

## 5.2. **Approval of the Board of Directors**

- a) In case any Related Party Transaction is proposed to be undertaken by a Related Party, and is not: (i) in the ordinary course of business; or (ii) at an arm's length price, such Related Party Transaction shall not be entered into without the prior approval of the Board of Directors, as per the applicable requirements under the Companies Act.
- b) Where any Director is interested in the Related Party Transaction being considered for approval at the Board meeting, such Director shall not be present during discussions pertaining to such Related Party Transaction.
- c) The agenda of the Board meeting at which the resolution seeking approval of the Related Party Transaction is proposed to be moved shall disclose:
  - i) the name of the Related Party and nature of relationship;
  - ii) the nature, duration of the contract and particulars of the contract or arrangement;
  - iii) the material terms of the contract or arrangement including the value, if any;
  - iv) any advance paid or received for the contract or arrangement, if any;
  - v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
  - vi) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those

- factors; and
- vii) any other information relevant or important for the Board to take a decision on the proposed transaction.

### 5.3. Approval of the VLHC Shareholders

- a) In case any Related Party Transaction (as defined under the Companies Act) proposed to be undertaken by a Related Party which is (i) not in the ordinary course of business, or not at arm's length basis; and (ii) exceeds the specified threshold as prescribed under Section 188 of Companies Act, 2013 for such Related Party Transaction as per the applicable provisions of the Companies Act, prior approval of the VLHC Shareholders by way of a resolution shall be required.

Provided that, 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.

- b) In case any Related Party Transaction (as defined under the Listing Regulations) proposed to be undertaken by a Related Party exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whether entered into individually or taken together with previous transactions during the financial year, prior approval of the VLHC Shareholders by way of a resolution shall be required. Further, prior approval of the VLHC Shareholders shall be required for transactions involving payments made to a Related Party with respect to brand usage or royalty, if such transactions whether entered into individually or taken together with previous transactions during the financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Provided that, no VLHC Shareholder, who is a Related Party, shall vote to approve such resolution, whether such VLHC Shareholder is a Related Party to such Related Party Transaction or not.

- c) The explanatory statement to be annexed to the notice of the VLHC Shareholders' meeting shall contain the following particulars:
  - i) name of the Related Party;
  - ii) name of the Director or Key Managerial Personnel who is related, if any;
  - iii) nature of relationship;
  - iv) nature, material terms, monetary value and particulars of the contract or arrangement; and
  - v) any other information relevant or important for the members to take a decision on the proposed resolution.

5.4. The requirement of obtaining prior approval of the VLHC Shareholders, as detailed in

Clause 5.3 above, shall not apply to Related Party Transactions entered into between the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the VLHC Shareholders at the general meeting for approval.

- 5.5. All Related Parties entering into Related Party Transactions after obtaining approval of the Audit Committee or the Board or the VLHC Shareholders in accordance with this Clause 5, shall ensure due compliance with the terms and conditions prescribed by the Audit Committee or the Board or the VLHC Shareholders in relation to such Related Party Transaction, if any.

## **6. DISCLOSURE REQUIREMENTS**

The Company shall comply with all disclosure requirements in relation to Related Party Transactions, including but not limited to, disclosures required to be made in the Board Report and the Annual Report, as per the requirements of the Companies Act, the Listing Regulations, Accounting Standards and other Applicable Laws.

## **7. OMNIBUS APPROVAL**

- 7.1. All Related Party Transactions shall require approval of the Audit Committee. The Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature (specifically excluding selling or disposing of the undertaking of the Company) subject to the conditions specified under the Applicable Laws. In relation to Related Party Transactions undertaken as per the Companies Act, 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:
- a) maximum value of the Related Party Transactions, in aggregate, which can be allowed under the omnibus route in a year;
  - b) the maximum value per Related Party Transaction which can be allowed;
  - c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - d) review, at such intervals as the Audit Committee may deem fit, of Related Party Transactions entered by the Company pursuant to each of the omnibus approval made;
  - e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- 7.2. The Audit Committee shall satisfy itself on the need and justification for the need for omnibus approval of Related Party Transactions of repetitive in nature and that such approval is in the interest of the Company.

- 7.3. The omnibus approval, in relation to Related Party Transactions undertaken as per the Companies Act and the Listing Regulations, shall contain or indicate the following:
- a) name of the Related Party(ies);
  - b) nature and duration of the Related Party Transaction;
  - c) maximum amount of Related Party 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 Related Party Transaction.
- 7.4. Any Related Party Transactions undertaken as per the omnibus approval granted by the Audit Committee in accordance with this Clause 7, will be deemed to be pre-approved and may not require approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied/amended. Any proposed variations/ amendments to these factors shall require prior approval of the Audit Committee.
- 7.5. Where the need for certain Related Party Transactions cannot be foreseen and the details required as per this Clause 7 are not available, the Audit Committee may provide an omnibus approval for such Related Party Transactions subject to their value not exceeding Rs.1,00,00,000 (Rupees One Crore) per Related Party Transaction.
- 7.6. The Audit Committee shall review, on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given, in accordance with this Clause 7.
- 7.7. Omnibus approvals given in accordance with this Clause 7 shall be valid till the expiry of 1 (one) year and shall require a fresh approval after the expiry of 1 (one) year.

## **8. REPORTING OF RELATED PARTY TRANSACTION**

- 8.1 Every contract or arrangement, which is required to be approved by the Board/ shareholders under this Policy, shall be referred to in the Board's report to the Shareholders, along with the justification for entering into such contract or arrangement.
- 8.2 The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.

8.3 The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

## **9. DISCLOSURE BY DIRECTORS**

9.1 Every director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of relatives which are regarded as Related Party as per this Policy.

9.2 Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

## **10. IDENTIFICATION OF TRANSACTION WITH RELATED PARTIES**

10.1 Each Director and Key Managerial Personnel is responsible for providing notice to the Company 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. Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.

10.2 Each Director and Key Managerial Personnel shall make an annual declaration to the Company and this declaration shall be placed before the Audit Committee and the Board of Directors at their first meeting held at the succeeding financial year.

10.3 Any change in the list of relatives shall be intimated by the Directors and KMPs by way of a fresh declaration to the Company.

## **11. AMENDMENT AND CONFLICT**

Any subsequent amendment/modification in the Applicable Laws shall automatically apply to this Policy. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever.

In the event of conflict between this Policy and any Applicable Laws, Applicable Laws shall prevail.

## **12. QUERIES AND CLARIFICATIONS**

Any Related Party may reach out to the Company Secretary for any doubts or clarifications in respect of this Policy.