

VIJAY SOLVEX LIMITED

CIN: L15142RJ1987PLC004232

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**Policy on Materiality of
Related Party Transactions
And
Dealing with Related party
Transactions**

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1. INTRODUCTION

In accordance with the Companies Act, 2013 (the Act) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board has adopted a policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

2. DEFINITIONS

“Act” shall mean the Companies Act, 2013 and the rules made thereunder, as amended from time to time.

“Arm’s Length Transactions” means a transaction between two Related Parties that is conducted in the same manner in which that there is no conflict of interest.

“Audit Committee or Committee” means the Audit Committee of the Board of Directors of the Company.

“Board” shall mean Board of Directors of the Company.

“Company” shall mean Vijay Solvex Limited.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- Chief executive officer or the Managing Director or the Manager;
- Company Secretary;
- Whole-time Director;
- Chief Financial Officer;
- Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- such other officer as may be prescribed under the Act

“Listing Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

“Material Related Party Transaction” means:

- (i) 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 crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- (ii) a transaction involving payment to a related party for brand usage or royalty, it will 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.

“Material Modification” shall mean any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 25% of transactions, in each case, over and above the approved limits.

“Ordinary Course of Business” shall mean a transaction undertaken by the Company in the ordinary course of business which includes:

- (i) A transaction carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time;
- (ii) Historical practice with a pattern of frequency; or
- (iii) Common commercial practice; or
- (iv) Meets any other parameters/criteria as decided by Board/Audit Committee.

“Related Party” means Related Party as defined under sub section (76) of section 2 of the Act, Listing Regulations and/ or under the applicable accounting standards, as amended from time to time.

Provided that:

- (i) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (ii) any person or any entity, holding equity shares:
 - (a) of twenty per cent or more; or
 - (b) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) the Company or its subsidiaries, if any, on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) the Company or its subsidiaries, if any, on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

“Relative” means relative as defined under sub section (77) of section 2 of the Act and rules prescribed there under, as amended from time to time.

3. APPLICABILITY

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

Transactions covered by this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as “Related Party Transaction”.

4. POLICY AND PROCEDURE FOR RELATED PARTY TRANSACTIONS

4.1 Identification of Related parties and Related Party Transactions

All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the time of appointment and at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him directly or indirectly.

The Responsible Person (Company Secretary/ Chief Financial Officer) shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in Definition Clause above, along with their personal/Company details including any revisions therein. The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year.

The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and shall not be present in the meeting during discussions on related party transactions and shall not be entitled to vote on for such item under consideration by Audit Committee and Board, as the case may be.

4.2 Material Threshold limits for Related Party Transactions

Nature of Transactions	Materiality as per Companies Act, 2013	Materiality as per Listing Regulations
Sale, purchase or supply of any goods or materials directly or through appointment of agents	amounting to 10% or more of the turnover*	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover* of the Company, whichever is lower.
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	amounting to 10% or more of the net worth*	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover* of the Company, whichever is lower.

Leasing of property of any kind	amounting to 10% or more of the turnover*	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover* of the Company, whichever is lower.
Availing or rendering of any services directly or through appointment of agents	amounting to 10% or more of the turnover*	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover* of the Company, whichever is lower.
Appointment to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration	exceeding two and half lakh rupees (Rs.2,50,000)	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover* of the Company, whichever is lower.
Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	exceeding 1% of the net worth*	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover* of the Company, whichever is lower.
Payments to a related party with respect to brand usage or royalty		All transactions with one party exceeding 5% of the annual consolidated turnover* of the Company.

* as per Audited financial statements of the preceding financial year.

Provided that in the event of a conflict between the Companies Act, 2013, as amended and the Listing Regulations for determining the threshold for materiality of a Related Party Transaction, the provision prescribing a higher threshold shall prevail.

4.3 Review and Approvals required for Related Party Transactions

All Related Party Transactions and subsequent material modifications, with respect to transactions where the Company is a party, must be reported to the Audit Committee for its prior approval in accordance with this Policy. Further, all subsequent non-material modifications to a Related Party Transaction must also be reported to the Audit Committee for approval.

All Related Party Transactions and subsequent material modifications, with respect to transactions where subsidiary Company, if any, is a party and the Company is not a party must be reported to the Audit Committee for its prior approval, subject to certain threshold limit mentioned elsewhere in this Policy.

The Audit Committee shall review the transactions and recommend same for approval of Board of Directors / Shareholders as per terms of this policy.

(A) Approval of Audit Committee for RPTs

All Related Party Transaction and subsequent Material Modification shall require prior approval of the Audit Committee and only those members of the Audit Committee, who are independent directors, shall approve related party transactions, whether at a meeting or by resolution by circulation or any other manner as provided by the Companies Act, 2013 and rules made thereunder read together with the secretarial standards.

All Related Party Transaction and subsequent Material Modification with respect to transactions to which the subsidiary of the Company, if any, is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;

with effect from April 1, 2023, all Related Party Transaction and subsequent material modifications, with respect to transactions to which the subsidiary of the Company, if any, is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which the listed subsidiary, if any, is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

(B) Omnibus Approval by the Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in Listing Regulations and Companies Act, 2013 and Rules made

thereunder, as amended from time to time. While granting omnibus approval, the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

The omnibus approval granted by the Audit Committee shall specify the following:-

- i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 rupees one crore per transaction.

Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The 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.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

(C) Information to be reviewed by the Audit Committee for approval of RPTs

The responsible person shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);

- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

(D) Approval of the Board for RPTs

The Board shall approve such Related Party Transactions as are required to be approved under the Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

In addition to the above, the following kinds of transactions with related parties shall also place before the Board for its approval:

- a) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- b) Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.

- c) Material Related Party Transactions as well as Related Party Transactions requiring shareholders approval under Section 188 of the Companies Act, 2013 and Rules made thereunder, which are intended to be placed before the shareholders for approval.

Any member of the Board who is interested or has a potential interest in any Related Party Transaction shall not be present at the meeting during discussions on the subject matter of the resolution relating to such Related Party Transaction.

(E) Approval of the Shareholders for RPTs

All Material Related Party Transactions exceeding the threshold limits prescribed in the Act or Listing Regulations and subsequent material modification shall require approval of shareholders of the Company 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 and all Related Party/ies shall abstain from voting on such resolution.

Provided that prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary, if any, is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

(F) Information to be provided to Shareholders for approval of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- (a) A summary of the information provided by the management of the listed entity to the audit committee;
- (b) Justification for why the proposed transaction is in the interest of the listed entity;
- (c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details as provided to the Audit Committee;
- (d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- (e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- (f) Any other information that may be relevant.

In case the shareholders decide not to approve a Related Party Transaction, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

(G) Transactions not requiring approval of Audit Committee, Board or Shareholders

Approval of Audit Committee, Board or Shareholders shall not be required in case of any transaction entered into by the Company with its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval and the transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

4.4 Related Party Transactions not previously approved

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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.

Where any contract or arrangement is entered into by a director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required 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 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.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

5. REPORTING AND DISCLOSURES

- (i) Details with respect to Related Party Transactions are to be disclosed to the Stock Exchanges (where shares of the company are listed) in the compliance report on corporate governance.
- (ii) The policy on dealing with Related Party Transactions is to be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
- (iii) Particulars of every contract or arrangement with Related Parties under section 188 (1) of the Act are to be included in the Board`s Report to the shareholders along with justification for entering into the transaction in the prescribed Form AOC-2.
- (iv) A Register pertaining to Related Party Transactions is maintained by the company in accordance with the Act, which is placed before the Board / annual general meeting as per the requirements of Act.
- (v) Disclosure regarding Related Party relationship and transactions with them are made in the Financial Statements as per the requirements of relevant Accounting Standards and the Listing Regulations.
- (vi) The Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year, and with effect from April 1, 2023, on the date of publication of its standalone and consolidated financial results, the disclosures of related party transactions on a consolidated basis, in the format as specified by the SEBI time to time, to the stock exchanges and publish the same on its website.

6. AMENDMENTS

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
