

VALUE INDUSTRIES LIMITED
POLICY ON RELATED PARTY TRANSACTIONS

BACKGROUND

The Board of Directors of Value Industries Limited, acting upon the recommendations of the Audit Committee of Value Industries Limited has approved and adopted the following Policy on Related Party Transactions in compliance with the provisions of Section 188 of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014 and revised Clause 49 of the Listing Agreement entered with the Stock Exchanges.

OBJECTIVE OF THE POLICY ON RELATED PARTY TRANSACTIONS

To ensure proper approval, disclosure and reporting of transactions as applicable, between Value Industries Limited and its Related Parties, if any. This Policy sets out:

1. The manner of dealing with the transactions
2. The materiality thresholds for related party transactions

DEFINITIONS

"Audit Committee or Committee" means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

"Board of Directors" or "Board" means the Board of Directors as defined under the Companies Act, 2013.

"Company" means Value Industries Limited

"Government Company" means any company in which not less than 51% of the paid up share capital is held by the Central Government or by any State Government or Governments or partly by Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government Company.

"Key Managerial Personnel" in relation to a Company means:

- The Chief Executive Officer or the Managing Director or the Manager;
- The Company Secretary;
- The Whole-Time Director;
- The Chief Financial Officer; and
- Such other person as may be prescribed under the Companies Act, 2013

"Material Related Party Transaction" means if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Policy" or "This Policy" or "The Policy" shall mean Policy on Related Party Transactions.

"Related Party" in accordance with Section 2(76) of the Companies Act, 2013 read with related rules issued thereon and Clause 49 of the Listing Agreement an entity shall be considered as related party to the Company if:

- Such entity is related party under Section 2(76) of the Companies Act, 2013; or
- Such entity is a related party under the Applicable Accounting Standards***.

*** Rule 7 of the Companies (Accounts) Rules, 2014 provides that the standards of accounting as specified under the Companies Act, 1956, shall be deemed to be the accounting standards until accounting standards are specified by the Central Government under Section 133 of the Companies Act, 2013. Accordingly, Accounting Standard 18 (AS 18) deals with Related Party Transactions.

As per Section 2(76) of the Companies Act, 2013, Related Party means:

- i. A director or his relative
- ii. A 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 relative is a member or director
- v. A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
- vi. Any body 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 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
- ix. A director or key managerial personnel of the holding company or his relative of such company.

"Related Party Transaction" as per Clause 49 of the Listing Agreement means a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Transaction with related party shall be construed to include single transaction or a group of transactions in a contract.

As per the provisions of Section 188 of the Companies Act, 2013, Related Party Transactions include the following:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company.

"Relative" as per Companies Act, 2013 means anyone who is related to another, if-

- They are members of Hindu Undivided Family
- They are husband and wife
- One person is related to another in such manner as may be prescribed, which is as follows:
 - Father (including step-father)
 - Mother (including step-mother)
 - Son (including step-son)
 - Son's wife
 - Daughter
 - Daughter's husband
 - Brother (including step-brother)
 - Sister (including step sister)

The other terms such as associate company, subsidiary company, arm's length etc. shall have the same meaning as defined in the Companies Act, 2013.

DEALING WITH RELATED PARTY TRANSACTIONS

The Company shall adopt the following approach with respect to dealing with Related Party Transactions:

Notice of Disclosure to be received from Directors/KMP informing their interests (including interest of their Relatives) in other companies, firms etc at the beginning of every year to Company Secretary of the Company.



Company Secretary to refer the said Disclosures to the Audit Committee for review and evaluation



Audit Committee to evaluate the Related Party Transactions. On basis of the evaluation, the Audit Committee to decide whether the approval from Board or shareholders is required or not.

APPROVAL MECHANISM

> Prior Approval of the Audit Committee

Unless otherwise stated in the Policy, all Related Party Transactions of the Company as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement requires prior approval of the Audit Committee.

While granting approval, the Committee shall *inter-alia*, consider the following factors to the extent relevant:

1. Whether the Transaction is in the ordinary course of business
2. Whether the Transaction is at an arm's length basis
3. Whether the Related Party Transaction includes any potential reputational risk that may arise as a result of the Transaction
4. Approximate amount involved in the Transaction
5. Approximate amount of the Related Party's interest in the Transaction without regard to the amount of profit or loss
6. Whether the Transaction would impair the independence of an otherwise Independent Directors or KMP.

However, the Committee may grant omnibus approval for the Related Party Transactions that are of frequent/regular/repetitive nature; are in the normal course of business of the Company. While

granting such approval, the Audit Committee shall satisfy itself of the need of omnibus approval and that the same is in the interest of the Company.

Specifications required for omnibus approval:

1. Name(s) of the Related Party
2. Nature of Transaction
3. Period of Transaction
4. Maximum amount of the Transaction that can be entered into
5. Indicative base price/current contracted price and formula for variation in price, if any
6. Such other conditions as the Committee deems fit

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available then the Audit Committee may grant omnibus approval of such transactions subject to the value not exceeding Rs. 1 Crore per transaction.

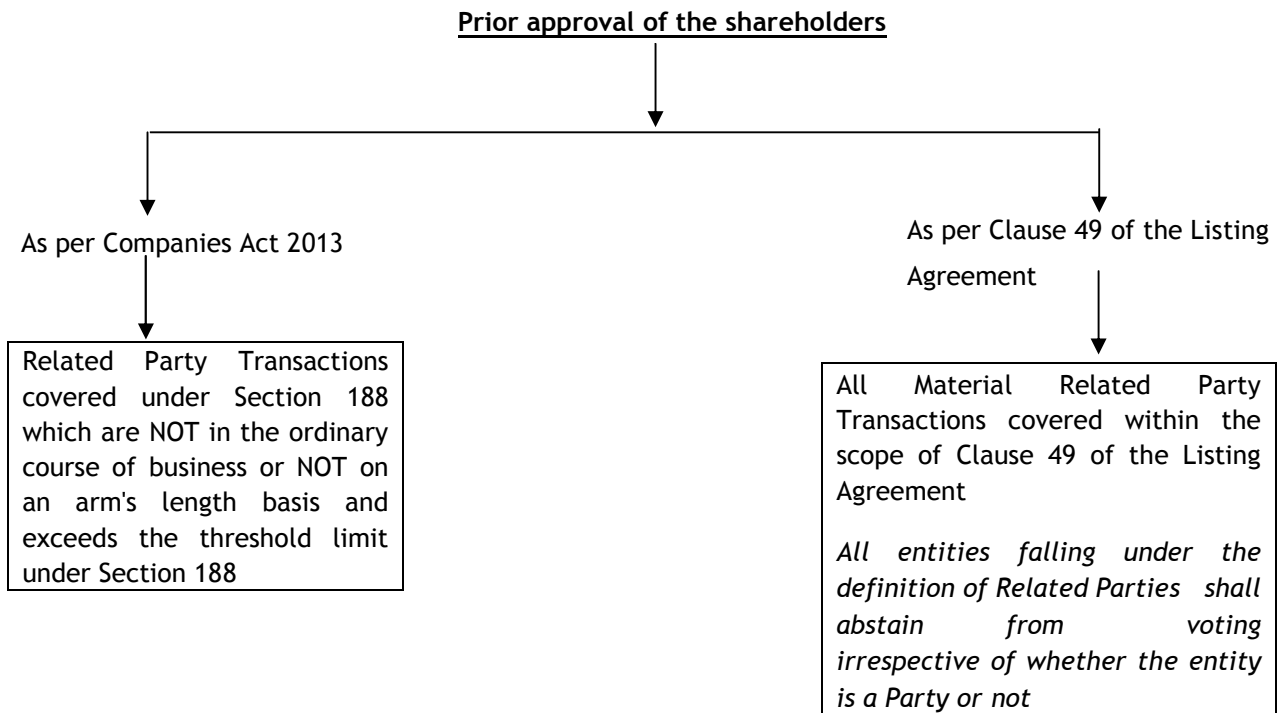
Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to such omnibus approval.

Prior approval of the Board of Directors

The Related Party Transactions within the scope of Section 188 of the Companies Act, 2013, which are either not in the ordinary course of business or are not at Arm's length shall require prior approval of the Board.

In this regard, if any Director is interested in any contract or arrangement with a Related Party such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.



Threshold Limits mentioned under Companies Act, 2013:

Sr No	Transaction Category	Threshold Limit
1	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	>10% of the turnover of the Company or Rs. 100 Crores whichever is lower*
2	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 or Rs. 100 Crores whichever is lower*
3	Leasing of property of any kind	>10% of the Net Worth of the Company or >10% of turnover of the Company or Rs. 100 Crores whichever is lower*
4	Availing or rendering of any services, directly or through appointment of agent	>10% of the turnover of the Company or Rs. 50 Crores whichever is lower*
5	appointment to any office or place of profit in the Company, its subsidiary company or associate company	Monthly remuneration >Rs. 2.5 Lakhs
6	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	>1% of the Net Worth of the Company

**Applies to Transaction or Transactions to be entered into either individually or taken together with the previous Transactions during a financial year*

> Related Party Transactions not previously approved

In case the Related Party Transaction has not been approved or ratified under this Policy, the Transaction shall be placed as promptly before the Committee or Board or Shareholders as may be required.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances with respect to the Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Transaction.

> Exemptions from Audit Committee approval and Shareholder's Approval

1. Transactions entered into between two government companies
2. 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.

However, approval of Audit Committee will be required in terms of the provisions of Companies Act, 2013.

DISCLOSURES TO BE MADE

- i. In Annual Report of the Company giving full particulars as prescribed in Form AOC 2 of the Companies Act, 2013.
- ii. In Compliance report on Corporate Governance on quarterly basis giving details of "Material Related Party Transactions" pursuant to Clause 49 of the Listing Agreement.
- iii. On the website of the Company.

AMENDMENTS TO THE POLICY

The Audit Committee of the Company shall review and may amend this Policy from time to time, subject to the approval of the Board of Directors of the Company.