

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS
AND
ON DEALING WITH RELATED PARTY TRANSACTIONS

PREFACE

Veefin Solutions Limited has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions. An endeavor is consistently made to have only arms' length transactions with Related Parties.

All Related Party Transactions (RPT), as that term is defined in this policy, shall be subject to review in accordance with the procedures set forth below. The Board has determined that the Audit Committee (the "Committee") is best suited to review all Related Party Transactions.

DEFINITIONS

1. A **'related party'** is a person or entity that is related to the company. Parties / Entities are considered to be related if an entity shall be considered as related to the company if: (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under Regulation 2(1)(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. **"Relative"** in relation to the related party shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of The Companies (Specification of definition details) Rules, 2014.
3. **"Materiality of Related Party Transactions"** means a transaction with a related party shall be considered material 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 listed entity as per the last audited financial statements of the company or such higher limit as may prescribed u/r 23(1) of the LODR with a related party or as revised under Regulation 23(1) of LODR from time to time."
4. Royalty / brand usage payment to 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, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such higher limit as may prescribed u/r 23(1) of the LODR.
5. **"Ordinary Course of Business"** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
6. **"Related Party Transaction/s"** A Transaction shall be deemed to be a Related Party Transaction if it is a Related Party Transaction as defined either under the Act or SEBI LODR Regulations, including all the amendments and modifications thereof from time to time.
7. **"Audit Committee"** means a Committee of Directors of the Company, as constituted from time to time under Section 177 of the Companies Act, 2013 and read with Regulation 18 of the SEBI LODR Regulations.

8. **“Board of Directors” or “Board”** means the Board of Directors of the Company, as constituted from time to time.
9. **Material Modifications:** “Material Modification’ means any change to an already approved Related Party Transaction that (i) any modification or amendment to the related party agreement / transaction which is likely to result in a 50% upward or downward revision in the original contractual value of the related party agreement / transaction approved by the Audit Committee or (ii) Any modification which results in the transaction crossing the materiality threshold under Regulation 23(1) shall be treated as a material modification. (iii) extends the duration by more than [e.g., 6 months or 25% of original term]; (iv) alters the pricing structure, royalty/license rates, or payment terms; (v) adds/removes related parties; or (vi) changes the scope/content in a manner that may impact the company’s financials or governance

All material modifications must be reviewed and approved by the Audit Committee prior to implementation, and shareholders’ approval shall be obtained if they continue to be material as per Regulation 23(4).

PROCEDURES

1. All Related Party Transactions (RPTs) of the company as prescribed under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) regulation 2015 will be approved by the audit committee of the Board from time to time.
2. Each Director who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Committee concerning such Related Party Transaction and his or her interest in such transaction.
3. Management shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:
 - a. A general description of the transaction(s), including the name of the related party and nature of relationship, duration of the contract and particulars of the contract or arrangement, maximum amount of transaction that can be entered into, the material terms and conditions.
 - b. The Related Party’s interest in the transaction(s), including the Related Party’s position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
 - c. The manner of determining the pricing and other commercial terms, the indicative base price / current contracted price and the formula for variation in the price if any.
 - d. any advance paid or received for the contract or arrangement, if any and the approximate value of the transaction(s) and the approximate value of the Related Party’s interest in the transaction(s)
 - e. In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made in the financial year.

- f. In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.
- g. 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 any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

4. Summary of the approval mechanism under SEBI (LODR) Regulations, 2015 and the Companies Act, 2013:

Details of Transaction(s)	Approving Authority
All related party transactions (other than those which are exempted) and any subsequent material modifications	1. Audit Committee
RPTs u/s 188 of the Companies Act, 2013 which are not in Ordinary Course of Business or not on arm's length basis or both and less than threshold limits of materiality.	1. Audit Committee 2. Board of Directors of the Company
RPTs u/s 188 of the Companies Act, 2013 which are in not in ordinary course of business or not on arm's length basis or both and beyond threshold limits.	1. Audit Committee 2. Board of Directors of the Company 3. Shareholders of the Company.
Material RPT and subsequent material modifications	1. Audit Committee 2. Board of Directors of the Company 3. Shareholders of the Company.

- 5. Where Board consent / shareholders' approval is required as per para 4 above, a) the agenda of the Board meeting at which the resolution is proposed to be moved and b) explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.
- 6. Where RPTs require approval of the Board and the shareholders through resolution as per para 4 above,
 - (a) any director who is interested in any contract or arrangement with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract or arrangement and b) all entities falling definition of Related Party(ies) shall abstain from voting on such resolution of the shareholders.
- 7. In case the market price of any transactions/arrangements are not available or cannot be ascertained and could not be executed with outsiders due to secrecy of the nature of products or formula, such transactions shall be done as far as possible to the nearing market price and after citing justification to the Audit committee for such transaction and necessity.

8. Subsidiary Transactions: Related Party Transactions (RPTs) involving subsidiaries shall be reviewed and approved by the Audit Committee of the listed holding company, as mandated under Sub-Regulations (2) and (3) of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, in case such transactions qualify as Material Related Party Transactions, prior approval of the shareholders of the listed holding company shall also be obtained in accordance with Regulation 23 of the said regulations.

If a Related Party Transaction will be ongoing/ proposed to be entered into by the company, the Committee may grant omnibus approval for recurring transactions, subject to conditions under Regulation 23(3)(e) of LODR. 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.

If 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 one crore per transaction. The Audit Committee shall lay down the criteria /guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the company. Such approval shall be applicable in respect of transactions which are repetitive in nature and only for one year.

10.The Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

11.The Audit Committee periodically shall review this Policy once in every three years and may recommend amendments to this Policy from time to time as it deems appropriate.

12.This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as SEBI (Listing Obligations and Disclosure Requirements) regulation 2015 or such other Rules / Regulations, as may be notified by SEBI from time to time.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

The Company shall submit related party transaction disclosures to stock exchanges in the format and timelines prescribed under Regulation 23(9) of SEBI (LODR). The Company shall maintain the relevant register(s) for recording the particulars of all contracts or arrangements entered into with related parties in accordance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder. Further, the particulars of such contracts or arrangements with related parties shall also be disclosed in the Board's Report of the Company for every financial year commencing on or after April 1, 2014 in Form AOC-2 (enclosed as Annexure I to this Policy), pursuant to the provisions of Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

AMENDMENT

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In case any provisions of the Policy are contrary to or inconsistent with the provisions of the Companies Act, 2013, rules framed thereunder and Listing Regulations ("Statutory Provisions"), the provisions of Statutory Provisions shall prevail.

DISSEMINATION OF THE POLICY

The policy shall be hosted on the website of the Company i.e. www.veefin.com .
