

VENTURA GUARANTY LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognises that the Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its stakeholders.

In light of the above and considering the requirements of Companies Act, 2013 read with the Rules framed thereunder and Clause 49 of the Listing Agreement, Ventura Guaranty Limited has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. This Policy has been adopted by the Board of Directors of the Company consequent to the recommendations of the Audit Committee. The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Clause 49 of the Listing Agreement and must be approved in the manner as may be decided by the Board of Directors.

2. OBJECTIVES

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws.

The objective of this Policy is to set out

- a. The materiality thresholds for related party transactions and
- b. The manner of dealing with the transactions between the Company and its related parties based on the Companies Act, 2013, rules made thereunder, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

“Arms Length Transaction (ALP)” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

“Board of Directors or Board” means the collective body of the Directors of the Company.

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“Key Managerial Personnel” means Key Managerial Personnel (KMP) as defined in section 2(51) of the Companies Act, 2013 and the Rules made thereunder which include:

- a. the Chief Executive Officer or the Managing Director or the Manager;
- b. the Company Secretary;
- c. the whole-time director;
- d. the Chief Financial Officer; and
- e. such other officer as may be prescribed.

“Material Related Party Transactions” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.

“Ordinary Course of Business” means a transaction which:

- a. is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (“MOA”) of the Company as amended from time to time or
- b. is a historical practice with a pattern of frequency or
- c. is a common commercial practice or
- d. meets any other parameters / criteria as decided by the Board / Audit Committee.

“Policy” means Related Party Transaction Policy.

“Related Party” shall have the same meaning as defined under clause 49 of the Listing Agreement which is as follows:

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) If such entity is a related party under the applicable accounting standards.

“Relative” shall have the same meaning as defined under Section 2(77) of the Companies Act, 2013.

“Related Party Transactions” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charges which includes but not limited to -

- a. Sale, purchase or supply of any goods or materials,
- b. Selling or otherwise disposing of, or buying property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;

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- e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;
- g. Underwriting the subscription of any securities or derivatives thereof of the Company;

"Transaction" with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

4. POLICY

All Related Party Transactions must be reported to and approved by the Audit Committee based on this Policy.

4.1 Identification of Potential Related Party Transaction

The Chief Financial Officer / Company Secretary 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 above. This database shall be updated whenever necessary and shall be reviewed at least once a year.

The Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.2 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. 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 to the Company and to the Related Party, and any other relevant matters.

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for transactions complying with the following conditions:

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- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company
- The omnibus approval shall provide details of
 - 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

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs. 1 crore per transaction.

- 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.
- Such omnibus approval shall be valid for 1 year

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

As per the provisions of Section 188 of the Companies Act, 2013, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties must be placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which as per the policy determined by the Board from time to time require Board approval in addition to Audit Committee approval
- 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
- Transactions which, in the view of the Audit Committee, require Board approval

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- Material Related Party Transactions which are intended to be placed before the shareholders for approval.

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions, irrespective of whether the entity is a party to the particular transaction or not.

5. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

6. DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Companies Act, 2013 with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all material related party transactions on a quarterly basis to the stock exchanges.

The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

7. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

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8. AMENDMENT IN LAW

Any subsequent amendment / modification in the Listing Agreement, Companies Act, 2013, and / or applicable laws in this regard shall automatically apply to this Policy.

9. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

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