



**VARINDERA CONSTRUCTIONS**

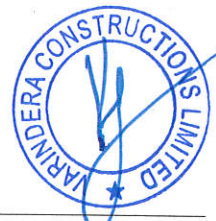
**POLICY ON RELATED PARTY TRANSACTIONS  
OF  
VARINDERA CONSTRUCTION LIMITED**

Construction

Procurement

Engineering

**Varindera Constructions Limited** (CIN No.: U45201DL1987PLC128579)



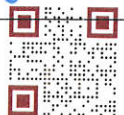
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## 1) **Scope and purpose of the Policy**

- 1.1 Related Party Transactions (“RPTs”) can present a potential or actual conflict of interest which may be against the interest of the company and its stakeholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“the Act”) read with the Rules framed thereunder, as amended from time to time, the Varindera Constructions Limited (“Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.
- 1.2 In light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). In addition to the above, this Policy shall be reviewed by the Board of Directors at least once in a year.

## 2) **Objective of the Policy**

The objective of this Policy is to set out (a) the materiality thresholds for RPTs and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Companies Act or any other statute as may be applicable to the Company.

## 3) **Manner of dealing with Related Party Transactions**

### a) **Identification of related parties**

Every director and KMP 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. Directors and KMPs 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.

### b) **Identification of related party transactions**

Each director and Key Managerial Personnel shall be 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. Each director and Key Managerial Personnel shall make an annual declaration as per the provisions of the Companies Act and the rules framed thereof with respect to Related Party transactions to the Company in the last month ending before the financial year and this declaration shall be placed before the Audit Committee and the Board at their first [meeting held at the succeeding financial year. Any change in the list of Relatives shall be intimated by the Directors and KMPs by way of a fresh declaration to the Company.

All Related Party transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Audit Committee or the Board who has





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potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

**c) Procedure for approval of Related Party transactions**

**Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or at arm's length basis, shall be placed before the Board for its approval. Such approval shall be granted only by means of a resolution passed at a meeting of the Board. The Company may if it considers necessary and shall if the Board so requires, seek external professional opinion to determine whether a Related Party Transaction is in the Ordinary Course of Business and/ or at Arms' Length.

In addition to the above, the following kinds of transactions with Related Parties are also placed before the Board for its approval:

Transactions which may be in the Ordinary Course of Business and Arm's length transaction, but which are as per the Policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval;

Where 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 related to such contract or arrangement.

**Approval of the Shareholders of the Company**

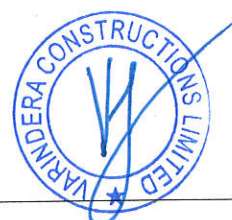
All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or are not at arm's length basis; and (b) exceed the thresholds laid down in the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, shall be placed before the shareholders for approval. For this purpose, no Related Party shall vote to approve such resolutions irrespective of whether the entity is a Related Party to the particular transaction or not.

The requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly-owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

**4. DISCLOSURE AND REPORTING**

4.1 Details of the RPTs during the quarter shall be disclosed in the board meeting.

4.2 Board's Report shall contain details of RPTs as required under applicable law.





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4.3 This Policy shall be communicated to all concerned employees and other persons of the Company at all locations for implementation and reporting.

## 5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

5.1 In the event the Company becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the person nominated by the Board or in absence of the person nominated, the matter shall be reviewed by the Board. The Board or nominated person 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. They shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Board under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

5.2 Further, in case any transaction (not being a specified transaction between the Company and its wholly owned subsidiary) involving any amount not exceeding ₹ 1 crore is entered into by a Director or officer of the Company without obtaining the approval of the Board, such transaction will be voidable at the option of the Board, and if the transaction is with a related party to any Director or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

5.3 In any case, where the Board determines not to ratify an RPT that has been commenced without approval, the Board, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of an RPT, the Board has authority to modify or waive any procedural requirements of this Policy.

5.4 Further, if any contract / arrangement is entered into by a Director or any other employee without obtaining the consent of the Board / shareholders (by a resolution) under Section 188(1) of the Act, and if it is not ratified by the Board / shareholders, as the case may be, within three months from the date on which such contract / arrangement was entered into, such contract / arrangement shall be voidable at the option of the Board / shareholders, as the case may be, and if the contract / arrangement is with a Related Party to any Director, or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

5.5 Without prejudice to anything contained in Section 188(3) of the Act, it shall be open to the Company to proceed against a Director or any other employee who has entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract / arrangement.

5.6 Any Director or any other employee of the Company, who has entered into or authorised the contract or arrangement in violation of the provisions, shall be punishable with fine which shall not be less than ₹ 25,000/-. Further, nothing precludes the Board / Company from taking any other legal action against the concerned Director / employee, as available under any other law for the time being in force.

## 6) REGISTER OF CONTRACTS/ARRANGEMENTS IN WHICH DIRECTORS ARE INTERESTED





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The Company shall maintain one or more registers giving separately the particulars of all contracts or arrangements to which Section 184(2) or Section 188 applies in such manner and containing such particulars as may be prescribed under the Act and rules made thereunder. After entering the particulars, such register shall be placed before the next meeting of the Board and signed by all the Directors present at the meeting.

## **7) INTERPRETATION**

In any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as this policy is changed to conform to the law, rule, regulation or standard.

## **8) ADMINISTRATIVE MEASURES**

Management shall institute appropriate administrative measures to provide that all RPTs are in compliance, and are reviewed in accordance with, this policy. All persons dealing with Related Parties will, irrespective of the level, be responsible for compliance with the Policy.

## **9) AMENDMENTS**

The provisions of this Policy can be amended/modified by the Board from time to time in line with any changes in law, changes in Company's philosophy, vision, business plans or otherwise and all such amendments/ modifications shall take effect from the date stated therein. All Directors, KMPs and Senior Management shall be duly informed of such amendments and modifications.

## **10) DEFINITION**

- i. **"Arm's length transaction"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- ii. **"Audit Committee"** means the audit committee of the board of directors of the Company.
- iii. **"Board"** means the Board of directors of the Company.
- iv. **"Key Managerial Personnel" or "KMPs"** means Key Managerial Personnel as defined under the Act and includes:
  - (i) Managing Director, or Chief Executive Officer or Manager;
  - (ii) the Whole Time Director;
  - (iii) Company Secretary;





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- (iv) Chief Financial Officer;
  - (v) 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
  - (i) such other officer as may be prescribed.
- ii. **“Ordinary Course of Business”** with reference to a transaction with a related party means a transaction which is:
- (i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
  - (ii) historical practice with a pattern of frequency;
  - (iii) common commercial practice; or
  - (iv) meets any other parameters / criteria as decided by the Board/Audit Committee, from time to time.
- iii. **“Policy”** means this policy, as amended from time to time and shall be effective from 28.08.2024
- iv. **“Related Party”** in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act, 2013 or under applicable accounting standards.
- v. **“Related Party Transaction”** or **“RPTs”** means a transfer of resources, services or obligations between a company and a related party, 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, and includes transactions as defined as a “related party transaction” under the relevant provisions of the Companies Act, 2013 or the SEBI Listing Regulations or any other related law, regulation, standard.
- vi. **“Relative”** means any person as per Section 2(77) of the Act and rules prescribed there under and as per Regulation 2(1) (zd) of the Regulations as amended from time to time, means anyone who is related to another, if
- (i) They are members of a Hindu Undivided Family; or
  - (ii) They are husband or wife; or
  - (iii) One person is related to the another in the following manner, namely:
    - (A) Father, includes step-father
    - (B) Mother, includes step-mother
    - (C) Son includes step-son
    - (D) Son’s wife
    - (E) Daughter
    - (F) Daughter’s husband
    - (G) Brother includes step-brother
    - (H) Sister includes step-sister

