

# VEDANT FASHIONS LIMITED

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## Related Party Transaction Policy

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Vedant Fashions Limited (Formerly Vedant Fashions Private Limited)  
Registered Office - 19 Canal South Road, Paridhan Garment Park, SDF-1, 4th Floor, A501-A502, Kolkata 700015  
Phone +91 33 6125 5353 | Email: [info@vedantfashions.com](mailto:info@vedantfashions.com) | Website: [www.vedantfashions.com](http://www.vedantfashions.com)  
CIN: L51311WB2002PLC094677



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## 1. PREAMBLE

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The Board of Directors (the “Board”) of Vedant Fashions Limited (the “Company”), has formulated the Related Party Transaction Policy which provides a framework to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the Company. This policy is framed as per Regulation 23 of SEBI (LODR) Regulation, 2015 and section 188 of Companies Act, 2013. SEBI has mandate every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions (“RPTs”) including clear threshold limits duly approved by the Board of Directors and such policy shall be reviewed by the board of directors at least once every 3 years and updated accordingly.

## 2. OBJECTIVE

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This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its related parties in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure the transparency in the conduct of RPTs in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

## 3. INTERPRETATIONS & DEFINITIONS

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In this Policy unless the context otherwise requires,

“**Act**” shall mean the Companies Act, 2013 or any statutory modification or re-enactment thereof and includes any Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notifications, orders to remove difficulties or reenactments thereof;

“**Board of Directors**” or “**Board**” means the collective body of the Directors of the Company;

“**Company**” means Vedant Fashions Limited;

“**Related party**” means related party as defined in Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 (‘SEBI Listing Regulations’), which inter alia provides that a “related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Pursuant to Section 2(76) of the Companies Act, 2013, related party with reference to a Company, means:



- (i) Director or his relative;
- (ii) a Key Managerial Personnel (KMP) 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 his 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% (two per cent) 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 under 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 a professional capacity;*

- (viii) any body corporate which is –
- a holding, subsidiary or an associate company of the Company;
  - a subsidiary of a holding company to which it is also a subsidiary;
  - an investing company or the venturer of the Company

*“The investing company or the venturer of a company” means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate.*

- (ix) Such other person as may be prescribed;

For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director other than independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

**“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone which is related to another, if –

- They are members of a Hindu undivided family (HUF) ;
- They are husband and wife ; or
- 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)

Provided that the following shall be deemed to be a related party in the Company, 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



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

Provided further that this definition shall not be applicable for the units issued by mutual fund which are listed on the recognized stock exchange.

**"SEBI (LODR) Regulations, 2015"** or "SEBI (LODR)" shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, amendments, clarifications, circulars, notifications, orders to remove difficulties or reenactments thereof;

**"Associate Company"** means a company in which the other company has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture company as per Section 2(6) of the Companies Act, 2013.

As per Reg2(1)(b) of SEBI (LODR) Regulation,2015 "associate" shall mean any entity which is an associate under 2(6) of the Companies Act,2013 or under the applicable accounting standards.

**"Significant influence"** means control of at least 20 (twenty) % of the total voting power or control of or participation in business decisions.

**"Joint Venture"** means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangements.

**"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.

**"Audit Committee"** means the committee of Board of Directors the Company constituted in accordance with the provisions of Reg. 18 of SEBI(LODR) Regulations, 2015, Companies Act, 2013 and Rules made thereunder.

**"Control"** means right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in connect, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

**"Material Related Party Transaction"** -In terms of Explanation to Reg.23(1) of SEBI(LODR) Regulations,2015, a transaction with 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, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.



- Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty 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 listed entity as per the last audited financial statements of the listed entity.
- Transaction as per threshold limit approved by the Board from time to time.

“Material Modification” in terms of SEBI (LODR) means any modification in the original contract or arrangement with a Related Party that would result in an increase of 20% or more on the originally approved transaction value.

In case a modification is required pursuant to amendment to the applicable laws, it shall not be regarded as a material modification.

## **4. TRANSACTION TO BE CONSIDERED AS RELATED PARTY TRANSACTION**

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Following types of the transactions considered as related party as per section 188 of Companies Act 2013:

- (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;
- (e) appointment of any agent for 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.

Types of the transactions considered as related party as per Reg.2(1)(zc) of SEBI (LODR) Regulations, 2015 means a transaction involving a transfer of resources, services or obligations between:

- i. A listed entity or any of its subsidiaries on one hand and a related part of the listed entity or any of its subsidiaries on the other hand, or
- ii. A listed entity or any of its subsidiaries 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 constructed to include a single transaction or group of transaction in a contract:

Provided that the following shall not be related party transaction:



- a) The issue of specified securities on a preferential basis, subject to compliance of the requirement's under SEBI(ICDR) Regulations, 2018;
- b) The following corporate action by the company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - Payment of dividend;
  - Subdivision or consolidation of securities;
  - Issuance of securities by way of a right issue or a bonus issue and
  - Buyback of securities
- c) acceptance of fixed deposits by bank/NBFC at the term uniformly applicable/offered to all shareholders/ public, subject to disclosure of the same along with the disclosure of related party transaction every six months to the stock exchange in the format as specified by Board.

## 5. IDENTIFICATION OF RELATED PARTY TRANSACTION

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Every Director 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 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.

## 6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

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### I. Audit Committee

- Every Related Party Transaction and subsequent material modifications shall be subject to the prior approval of the Audit Committee. Only Independent Directors who are members of the Audit Committee shall approve Related Party Transactions. The transaction for the year already approved by the board before the enactment of this policy is not required to be approved by the committee again.
- 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 the Companies Act, 2013 and SEBI LODR as amended from time to time. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.



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 approval.

- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as required
- With effect from April 1, 2023, the Related Party Transaction to which the subsidiary of the Company 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.

The approval of the Audit Committee of the Company shall not be required for the transactions entered into between the Company and its wholly owned subsidiary or 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.

## **II. Approval of the Board and the Shareholders**

- All Related Party Transactions (other than Material Related Party Transactions) which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all such related party transactions exceeding threshold limits prescribed in the Act as per Annexure 1 shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and related party/ies shall abstain from voting on such resolution.

All the material Related Party Transactions and subsequent material modifications as defined by the Audit Committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the said related party/ies is/are a party/ies to the particular transaction or not.

Provided that the aforesaid requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

The Committee will consider the following factors while granting its approval:



- Whether the terms of the Related Party Transaction(s) are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether the Related Party Transaction(s) would affect the independence of an independent director;
- Whether the proposed transaction(s) includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction(s) before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company;
- Whether the Related Party Transaction(s) would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction(s) and the ongoing nature of any proposed relationship and any other factors the Board/the Committee deem relevant.

## 7. REPORTING OF RELATED PARTY TRANSACTIONS

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- I. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders as per the requirement of law.
- II. The details of all transactions with related parties shall be submitted on a consolidated basis, in the format specified by SEBI, within 15 days of publishing its standalone and consolidated financial half yearly to the stock exchanges and the same shall be published on the Company's website. With effect from April 1, 2023, such disclosures shall be made every six months on the date of publication of its standalone and consolidated financial results.

## 8. EXEMPTION FROM APPLICABILITY OF THE POLICY

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This policy shall not apply to the following related party transaction and such transaction shall not require the approval of Audit Committee, Board or shareholders:

- a) where the transaction entered in to between a company and its wholly owned subsidiary or between two wholly owned subsidiaries of the Company whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.



- b) Any transaction that involves the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates.
- c) Any sale of product(s), asset(s) of the Company to any Director/ KMP/ Employee of the Company (being a related party) in terms of the Policy of the Company (applicable for consideration in monetary terms only).
- d) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party like payment of dividend, rights/bonus entitlement, buyback etc.

## **9. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY**

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In the event any Transaction has been undertaken/is being undertaken with a Related Party without obtaining requisite approval under this Policy, such transactions should be immediately reported to the Company Secretary. Such Transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. Based on the information provided, the Audit Committee shall evaluate and take such necessary steps, as it may deem fit, including Ratification, Termination or Revision of any terms of the Related Party Transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered into with any related party in contravention of this Policy and recommend to Board for its consideration and approval.

In case the aforesaid Related Party Transaction requires the approval of shareholders, then once it is ratified by the Audit Committee, it shall be placed for ratification before the shareholders in their general meeting.

## **10. DISCLOSURE**

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This policy shall be hosted on the website of the Company. The salient features of the policy and changes therein, if any, along with the web address of the policy shall be provided in the annual report of the Company. The necessary disclosure about the policy further, if any, will also be made as per requirements of the Act. Board's Report shall contain details of RPTs as required under applicable law.

## **11. POLICY REVIEW**

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This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of Listing Regulations.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations,



then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

## 12. VERSION HISTORY

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Sr. No.	Version	Created by	Reviewed and Recommended by	Approved By	Approval Date	Amendment Summary
1	1.0	Secretarial	Audit Committee	Board of Directors	13 <sup>th</sup> February, 2022	NA
2	2.0	Secretarial	Audit Committee	Board of Directors	27 <sup>th</sup> March, 2023	NA

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## ANNEXURE I

Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows :

(a) As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below -

- Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (a) and clause (e) respectively of sub- section (1) of section 188 of Companies Act, 2013;
- Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
- Leasing of property of any kind amounting to ten percent or more of turnover of the company as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;
- Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013.

These limits shall, however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) for appointment to any office or place of profit in the company, its subsidiary company or associate company remuneration shall be in accordance with the companies act and SEBI LODR provisions.

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent. of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

*Explanation.- (1) The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial Year.*