

VALIANT COMMUNICATIONS LIMITED

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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION AND DEALING WITH RELATED PARTY TRANSACTIONS (As Amended)

PREAMBLE

This Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions (**“the Policy” or “this Policy”**) is framed by Valiant Communications Limited (**“the Company” or “VALIANT”**), pursuant to the provisions of Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“the Listing Regulations”**) and in terms of Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (**“the Companies Act”**), including any modification(s) / amendment(s) / re-enactment(s) thereof.

The Board of Directors (**“the Board”**) of Valiant Communications Limited (the **“Company or “VALIANT”**), has adopted the following Policy and procedure in relation to Related Party Transactions upon recommendation of the Audit Committee and it includes the materiality threshold and the manner of dealing with Related Party Transactions (**“Policy”**) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee . The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Law and Regulation.

The Board of Directors of **VALIANT** has adopted this Policy to set forth the procedures by which transactions with Related Parties shall be reviewed for approval or ratification. The Policy is intended to ensure proper approval, disclosure and reporting of transactions between VALIANT and its Related Parties and its Subsidiary Companies and their Related Parties, wherever applicable. Any Related Party Transaction may be entered into by the Company in accordance with the provisions of this Policy. This Policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

PURPOSE

Related Party Transactions are considered appropriate only if they are in the best interests of the Company and its Shareholders. The Company is required to disclose each year in the Financial Statements and in the Annual Report transactions between the Company and its Related Parties as well as policies concerning transactions with Related Parties.

Overriding Impact

This policy or any other relevant policy adopted by the Board/ Committee of the Company, shall be subject to the statutory provisions of Companies Act, 2013 and rules made thereunder, Listing Agreement, rules and regulations (including “**SEBI Listing Regulations**”) notified by the Securities Exchange Board of India. In case of any conflict, statutory provisions shall supersede over this policy.

Definitions

“**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 or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 and as per Regulation 18 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for audit related purpose.

“**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Significant Influence: - means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

Joint venture: - means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the Net assets of the arrangement.

“**Board**” means Board of Directors of the Company.

“**Companies Act, 2013**” means the Companies Act, 2013 read with the Rules framed thereunder [including any modification(s) / amendment(s) / re-enactment(s) thereof].

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 2011.

“Key Managerial Personnel” means Key Managerial Personnel in relation to a Company as defined sub- section 51 of Section 2 of the Companies Act, 2013, means and includes:

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the 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
- (vi) such other officer as may be prescribed

“Material Related Party Transaction” means a transaction with a related party if the transaction/transactions 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 as per the last audited financial statements of the Company 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.

“Material Modification” shall mean an amendment to the terms of a transaction / agreement / commitment with / to a Related Party, the effect of which will be an increase over the approved limit for a transaction, by an amount more than Rs. 1 (One) Crore in a financial year or 20% (twenty per cent) of the approved limit, whichever is higher.

“Related Party Transaction” 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 party 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 construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

“Related Party” means related party as defined under sub-section 76 of Section 2 of Companies Act, 2013 or under applicable accounting standards.

A ‘related party’ is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- 1) A person or a close member of that person’s family is related to a company if that person:
 - I. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
 - 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 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 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) a holding, subsidiary or an associate company of such company;
 - (B) a subsidiary of a holding company to which it is also a subsidiary; or
 - (C) an investing company or the venturer of the company;
- Explanation.—For the purpose of this clause, “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 shall include a Director other than an 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.

Provided that:

- (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;
 in the listed entity 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; shall be deemed to be a related party.

“**Relative**” means relative as defined under the sub-section 77 of Section 2 of Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are Members of a Hindu Undivided Family;
- ii. They are Husband and Wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

Policy and Procedure

Procedure

A. Disclosure Obligations of Directors & Key Managerial Personnel

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.

Accordingly, the Company will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

B. Identification of Transaction with related Parties

Each Director and Key Managerial Personnel is 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, in fact, constitute a Related Party Transaction requiring compliance with this policy.

C. Review and approval by the Audit Committee:

(i) Audit Committee

1. All Related Party Transactions and subsequent Material Modifications shall be subject to prior approval of the Audit Committee of the Company whether at a meeting or by a resolution by circulation or by any other manner as provided by the Companies Act or the rules and regulations made thereunder.

“Material Modification” shall mean an amendment to the terms of a transaction / agreement / commitment with / to a Related Party, the effect of which will be an increase over the approved limit for a transaction, by an amount more than Rs. 1 (One) Crore in a financial year or 20% (twenty per cent) of the approved limit, whichever is higher.

A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 consolidated turnover, as per the last audited financial statements of the listed entity.

With effect from April 01, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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.

Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to above, the prior approval of the audit committee of the listed subsidiary shall suffice.”

2. Related party transactions are regularly referred to the scheduled meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction shall not participate / abstain from discussions / voting on the subject matter involving approval of Related Party Transaction.

All the transactions which are identified by the Audit Committee as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- Name of party and details explaining nature of relationship;
- Duration of the contract and particulars of the contract and arrangement;
- Nature of transaction and material terms thereof including the value, if any;
- Manner of determining the pricing to ascertain whether the same is on arm's length;
- Business rationale for entering into such transaction;
- Any other information relevant or important for the Board to take a decision on the proposed transaction.

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction. If the Committee determines that the related party transaction is

- (i) a Material related party transaction; or
- (ii) Transactions are not in the ordinary course of business or not at the arm's length price, the Audit Committee shall place the matter before the Board for obtaining its approval.

3. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction 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 there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - Whether the Related Party Transaction would affect the Independence of an Independent Director; Whether the proposed transaction 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 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; and
 - Whether the Related Party Transaction 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, Executive Officer 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 and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
4. After reviewing such information and being satisfied that there is a need for such approval, the members of the Audit Committee (without the participation of the Committee member(s) interested in the transaction, if any) shall approve or disapprove such transactions.
5. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:
- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - c) Such omnibus approval shall specify the following:
 - (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;

Provided that where 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 Rs.1 Crore (Rupee One Crore) per transaction.

- d) 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.
- e) Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of 1 (one) year.

Omnibus approval shall not be made for the transactions in respect of selling or disposing off the undertaking of the Company.

6. The Company shall provide the following information, for review of the Audit Committee for approval of a proposed Related Party Transaction, other than the transactions for omnibus approval:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) Justification as to why the transaction is in the interest of the Company;
- g) A copy of the valuation or other external party report, if any such report has been relied upon;
- h) Any other information that may be relevant.

7. No member of the Audit Committee shall participate in the review, consideration or approval of any Related Party Transaction with respect to which such member or any of his or her relatives is a Related Party.

8. If any material information with respect to such transactions shall change subsequent to the Committee’s review of such transactions, management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Committee.
9. If any additional Related Party Transactions are proposed to be entered into subsequent to the Committee’s first meeting in the calendar year, the management shall present such transactions to the Committee for approval before entering into such transaction (which can be taken by calling a meeting or by resolution passed through circulation, if permitted).
10. All the Directors are required to declare and disclose their concerns or interests in any company(ies) or body(ies) corporate or firm(s) at the first Board meeting in every financial year and subsequently whenever there is any change therein.
11. The Audit Committee shall review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.
12. If the Audit Committee determines that a Related Party Transaction is –
 - a) A Material Related Party Transaction; or
 - b) Not in the ordinary course of business; or
 - c) Not on arm’s length basis

the Audit Committee shall place the matter before the Board for obtaining its approval, unless exempted.

D. Determination of materiality of related party transactions:

Material Related Party Transactions shall be determined by applying the following criteria:

Category of Transactions	Materiality Thresholds under the Companies Act, 2013 (for transactions not in ordinary course of business and not on an arm’s length basis)	Materiality Thresholds under the Listing Regulations
Sale, purchase or supply of any goods or materials	10% or more of turnover	Transaction, 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.
Selling or otherwise disposing of, or buying, property of any kind	10% or more of net worth	
Leasing of property of any kind	10% or more of turnover	

Availing or rendering of any services	10% or more of turnover	[Requirement notified under SEBI Listing Regulations (Third Amendment) for determining materiality]
Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs.2.5 Lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	
Any other transaction with a Related Party	Transaction, 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	

Explanation:

(1) The turnover or net worth referred in the above shall be computed on the basis of the audited financial statement of the preceding financial year.

(2) The threshold limits under the Companies Act, 2013 mentioned above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

For the purpose of this policy, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

E. Approval of the Board of Directors

The Audit Committee shall report all Material Related Party Transactions & subsequent Material Modifications to the Board.

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

F. Approval of the Shareholders

In case Board refers a Related Party Transaction for seeking approval of the Shareholders as per the provisions of Companies Act 2013 or otherwise, if any member of Company is a related party as per this policy, such member of the Company shall not vote on resolution passed for approving such related party transaction.

Shareholders approval will not be required for:

- a) 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 for approval
- b) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval

In the event any Material Related Party Transaction is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its Members, as applicable, for such contract or arrangement.

Where Members' approval is required for a related party transaction, the 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.

Where RPTs require approval of the Board and the Members, the Board Members who is a related party shall abstain from voting on such resolution.

G. Transactions which do not require approval

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- (a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- (b) 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.

H. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction, to the extent permissible under the law.

The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction, to the extent permissible under the law.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

Disclosures

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified under the SEBI LODR from time to time, and publish the same on its website:

Provided further that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

The Company shall disclose the policy on dealing with Related Party Transactions on its website viz. www.valiantcom.com and a web link thereto shall be provided in the Annual Report of the Company.

POLICY REVIEW

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with new provision(s) or replace the Policy entirely with a new Policy.

The Board may also, based on the recommendations from the Audit Committee, make any amendments to the Policy from time. The Policy shall be reviewed by the Board at least once in every 3 (three) years and updated as may be required.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. A note in relation to such changes shall be placed in subsequent meeting of the Board and the Audit Committee.

Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors 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. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

APPLICABILITY

THIS POLICY WILL BE IN SUPPRESSION OF EARLIER POLICY IN THIS REGARD AND SHALL BE APPLICABLE TO THE COMPANY WITH EFFECT FROM 01ST APRIL 2022.
