

**VENLON ENTERPRISES LIMITED**  
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CIN L24231KA1983PLCO15089

### **Terms and Conditions of appointment of Independent Directors**

The terms and Conditions of the appointment, which shall, in any event be subject to the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Articles of Association of the Company, are set out below. The broad terms and conditions of their appointment as Independent Directors are reproduced hereunder:

#### **Terms of Appointment**

1. The appointment will be for the period mentioned in the respective shareholders' resolution and shall not exceed 5 years of one tenure but may be reappointed for second tenure of 5 years. The Company may remove Independent Directors prior to completion of the term subject to compliance of relevant provisions of the Companies Act 2013 and Articles of Association of the Company.
2. In compliance with provision Section 149(13) of the Companies Act, 2013, Independent Directors shall not be liable to retire by rotation.
3. Re-appointment at the end of the term shall be based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board and the shareholders. The re-appointment would be considered by the Board based on the outcome of the performance evaluation process and the directors continuing to meet the independence criteria.
4. The directors may be requested to be a member / Chairman of any one or more Committees of the Board which may be constituted from time to time.
5. The appointment may be terminated in accordance with the provisions of the Articles of Association of the Company or on failure to meet the parameters of independence as defined in Section 149(6) or Listing Regulations or on the occurrence of any event as defined in section 167 of the Companies Act, 2013. Upon termination or upon resignation for any reason, duly intimated to the Company, Independent Directors will not be entitled to any compensation for loss of office.
6. The appointment and re-appointment of Independent Directors shall be based on their names being entered in the Independent Directors' database and fulfilment of subsequent requirements like renewal of membership in the database and clearing of independent directors' examination, if required.

#### **Resignation**

Independent Directors may resign from their position at any time and should they wish to do so, they are requested to serve a reasonable written notice on the Board.

### **Time commitment**

Independent Directors agree to devote such time as is prudent and necessary for the proper performance of their role, duties and responsibilities as Independent Director.

### **Role, duties and responsibilities**

As members of the Board, they along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:

A. Requirements under the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013,

B. “Responsibilities of the Board” as outlined in the Corporate Governance requirements as prescribed by the Stock Exchanges under Regulation 4(2)(f) of Listing Regulations.

C. Accountability under the Director’s Responsibility Statement.

D. The role and duties of Independent Directors will be those normally required of a Non Executive Independent Director under the Companies Act, 2013 and Listing Regulations. There are certain duties prescribed for all Directors, both Executive and Non-Executive, which are fiduciary in nature and are as under:

I. They shall act in accordance with the Company’s Articles of Association.

II. They shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interest of the Company.

III. They shall discharge their duties with due and reasonable care, skill and diligence.

IV. They shall not involve themselves in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.

V. They shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners or associates.

VI. They shall not assign their office as Director and any assignments so made shall be void.

In addition to the above requirements, the Board of Directors also expect Independent Directors to perform the following functions:

I. Constructively challenge and help develop proposals on strategy for growth of the Company.

II. Evaluate the performance of management in meeting agreed goals and objectives.

III. Satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are effective and defensible.

IV. Determine appropriate levels of remuneration of Executive Directors and play a prime role in appointing, and where necessary, removing Executive Directors and in succession planning.

V. Take responsibility for the processes for accurately reporting on performance and the financial position of the Company.

VI. Keep Governance and Compliance with the applicable legislation and regulations under review and the conformity of Company’s practices to accepted norms.

## **Status of Appointment and Remuneration**

1. Independent Directors will not be employees of the Company and their appointment letter shall not constitute a contract of employment. They will be paid such remuneration by way of sitting fees for meetings of the Board and its Committees as may be decided by the Board.
2. Independent Directors have no entitlement to any bonus during the appointment and no entitlement to participate in any employee stock option scheme operated by the Company.

## **Reimbursement of Expenses**

The Company may pay or reimburse to the Director such expenditure, as may have been incurred by them while performing their role as an Independent Director of the Company. This could include reimbursement of expenditure incurred by them for accommodation, travel and any out of pocket expenses for attending Board/ Committee Meetings, General Meetings, Court Convened Meetings, Meetings with Shareholders/Creditors/Management, site visits, induction and training (organized by the Company for Directors) and in obtaining, subject to the expense being reasonable, professional advice from independent advisors in the furtherance of their duties as Independent Directors.

## **Independent Professional Advice**

There may be occasions when Independent Directors consider that they need professional advice in furtherance of their duties as Director and it will be appropriate for them to consult independent advisers at the Company's expense. The Company will reimburse full cost of expenditure incurred in accordance with the Company's policy.

## **Training and Development**

The Company may, if required, conduct formal training program for its Independent Directors. The Company may, as may be required, support Directors to continually update their skills and knowledge and improve their familiarity with the company and its business.

The Company will fund/arrange for training on all matters which are common to the whole Board.

## **Conflict of Interest**

1. It is accepted and acknowledged that Independent Directors may have business interests other than those of the Company. As a condition to appointment, they are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of appointment.
2. In the event that circumstances seem likely to change and might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgement that they are independent, this should be disclosed to both the Chairman and the Company Secretary.
3. They shall not participate in any business activity which might affect the application of their independent judgement in the best interest of the Company.
4. During their term, Independent Directors agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013 and Listing Regulations, upon any change in circumstances which may affect their status as an Independent Director.

## **Performance Appraisal / Evaluation Process**

As members of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director shall be done by all the other

directors. The evaluation process shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

#### **Changes of personal details**

During the Term, Independent Directors shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Company.

#### **Code of Conduct**

During the appointment, Independent Directors are required to comply with relevant regulations as contained in Schedule IV under Companies Act, 2013, including the following codes of conduct of the Company:

- i. Code of Conduct for Board of Directors and Senior Management,
- ii.. Code of Internal Procedures and Conduct for prevention of Insider Trading in securities of the Company
- iii. Code for Independent Directors as mentioned in the Schedule IV of the Companies Act, 2013.

#### **Confidentiality**

1. All information acquired during appointment is confidential to the Company and shall not be released, either during appointment or following termination (by whatever means) to third parties without prior clearance from the Company unless required by law or by the rules of any stock exchange or regulatory body. On reasonable request, Independent Directors shall surrender any documents and other materials made available to them by the Company.
2. Attention is also drawn to the requirements under the applicable regulations and the Company's Insider Trading Code which concern the disclosure of price sensitive information and dealing in the securities of the Company. Consequently Independent Directors should avoid making any statements or performing any transactions that might risk a breach of these requirements without prior clearance from the Chairman or
3. The obligation of confidentiality shall survive cessation of their respective directorship with the company.

**COMPOSITION OF VARIOUS COMMITTEES OF BOARD OF DIRECTORS****AUDIT COMMITTEE**

| Sr. No. | Name of the Director    | Category                  | Chairperson\ membership |
|---------|-------------------------|---------------------------|-------------------------|
| 1       | Shri. S.V. Jain         | Independent Non Executive | Chairman                |
| 2       | Shri. Sreedhar Nagaraju | Independent Non Executive | Member                  |
| 3       | Shri. H K Nagendra      | Independent Non Executive | Member                  |

**NOMINATION AND REMUNERATION COMMITTEE**

| Sr. No. | Name of the Director    | Category                  | Chairperson\ membership |
|---------|-------------------------|---------------------------|-------------------------|
| 1       | Shri. S .V. Jain        | Independent Non Executive | Chairman                |
| 2       | Shri. Sreedhar Nagaraju | Independent Non Executive | Member                  |
| 3       | Shri. H K Nagendra      | Independent Non Executive | Member                  |

**STAKEHOLDERS' RELATIONSHIP COMMITTEE**

| Sr. No. | Name of the Director | Category                               | Chairperson\ membership |
|---------|----------------------|----------------------------------------|-------------------------|
| 1       | Shri. S .V. Jain     | Independent Non Executive              | Chairman                |
| 2       | Shri. Chand Datwani  | Promoter- Chairman & Managing Director | Member                  |
| 3       | Smt. Saroj Datwani   | Promoter- CFO and Wholetime Director   | Member                  |

**Code of Conduct for Board of Directors, KMPs and Senior Management  
(Under Regulation 17(5) of the SEBI (Listing Obligation and Disclosure Requirements)  
Regulations, 2015**

This Code of Conduct (hereinafter referred to as the "Code") shall be called "The Code of Conduct for the Members of the Board and Senior Management personnel" of the Company. The purpose of this code is to enhance ethical and transparent process in managing the affairs of the Company, and thus to sustain the trust and confidence shown in the Management by the shareholders of the Company with a mission.

### **Introduction**

As required under Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR) Regulations, 2015'), the Company VENLON ENTERPRISES LIMITED ('the Company') hereby notifies the "Code of Conduct for the Board Members, Key Managerial Personnel and Senior Management of the Company.

### **Definitions**

In this code, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them:

- i. Company: **VENLON ENTERPRISES LIMITED.**
- ii. Board Members: Board of Directors of the Company.  
Senior Management: Key Managerial Personnel and one grade below the Board and KMP of the company who are members of its core management team excluding Board of directors. This would comprise of all members of management one level below the executive directors, including all functional heads.
- iii. Relative: shall have the same meaning assigned to them in Section 2(77) of the Companies Act, 2013.
- iv. Price Sensitive Information: shall have the same meaning as assigned to them in SEBI (Prohibition of Insider Trading) Regulations, 2015.
- v. Officers: shall collectively refer to the Board members, KMPs and the senior management personnel.
- vi. Compliance Officer: The Company Secretary appointed by the Board of directors under the Listing Regulations for purpose of this code from time to time.

### **Meetings of the Board**

- The Board of directors shall meet at least four times a year, with a maximum time gap of 120 days between any two meetings.
- The board of directors shall periodically review compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.
- The board of directors of the Company shall satisfy itself that plans are in place for orderly succession for appointment to the board of directors and senior management.

### **Members of the Board, Independent Directors and Senior Management**

#### **Role of Independent Directors**

The Independent Directors need to play significant role and discharge their duties as assigned to them under section 149(8) of the Companies Act, 2013 read with the Schedule IV of the Companies Act, 2013 as under.

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**Guidelines of professional conduct of the Independent Directors and Senior Management:**

1. Uphold ethical standards of integrity and probity;
2. Act objectively and constructively while exercising his duties;
3. Exercise his responsibilities in a bona fide manner in the interest of the company;
4. Devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. Not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. Not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. Refrain from any action that would lead to loss of his independence;
8. Where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. Assist the company in implementing the best corporate governance practices.

**Role and functions:**

The members of the Board and independent directors shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. Bring an objective view in the evaluation of the performance of board and management;
3. Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
5. Safeguard the interests of all stakeholders, particularly the minority shareholders;
6. Balance the conflicting interest of the stakeholders;
7. Determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management.
8. Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**Duties**

The Members of the Board and independent directors and Senior Management shall –

1. Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

2. Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. Strive to attend the general meetings of the company;
6. Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. Keep themselves well informed about the company and the external environment in which it operates;
8. Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

**Separate meetings:**

1. The independent directors of the company shall hold at least one meeting in a year, without the attendance of non - independent directors and members of management;
2. All the independent directors of the company shall strive to be present at such meeting;
3. The meeting shall:
  - a. review the performance of non-independent directors and the Board as a whole;
  - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c. assess the quality, quantity and timeliness of flow of information between the company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**Evaluation mechanism:**

1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.
3. (a) The board of directors shall recommend all fees or compensation, if any, paid to non executive directors, including independent directors and shall require approval of shareholders in general meeting.  
(b) The requirement of obtaining approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government.

(c) The approval of shareholders mentioned in clause (a), shall specify the limits for the maximum number of stock options that may be granted to non - executive directors, in any financial year and in aggregate.

(d) Independent directors shall not be entitled to any stock option

4. The minimum information to be placed before the board of directors is specified in Part A of Schedule II of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

5. The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

6. The listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures.

7. The performance evaluation of independent directors shall be done by the entire board of directors

### **Violations of Law**

Violations of law, or this code or company's rules & regulations or procedures should be reported immediately to the Managing Director / Compliance Officer of the company in writing. Violations of law, or this code or company's rules & regulations or procedures can lead to disciplinary action up to and including termination/vacation of office.

### **Code of Conduct**

All Directors, KMPs and Senior Management Personnel of the Company shall adhere to the following:

1. Shall act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct.

2. Shall comply with all applicable provision of laws and regulations of the country in which the company operates. No director or member of senior management shall commit an illegal act.

3. Shall be familiar with the legislation that applies to their work, to recognize their potential liabilities and to know when to seek a legal advice

4. Shall not commit any illegal act or compete directly or indirectly with the business of the Company or with any business Company is considering to establish.

5. Shall not allow their personal interest to conflict with the interest of the company and shall disclose all the circumstances that constitute an actual or apparent conflict of interest to the Board of Directors.

6. Shall intimate the Company's Board of Directors before accepting outside Directorships or engage themselves in the self-employment activities using their own resources, and in a manner not adversely affecting their performance in the company.

7. Shall maintain the confidentiality of the information about the company received by them in the course of their position as Director(s) of the company and must not make use of or reveal such information except the information becomes matter of general public knowledge or authorised by the Chairman or Managing Director of the Company.

8. Shall not misappropriate the company's property for personal use and shall protect the company's assets and property and ensure its efficient and cost effective use.

9. Shall abide by Company's internal code for prevention of Insider Trading.

10. Shall under no circumstances, offer to pay, make payment, promise to pay, or issue authorization to pay any money, gift, or anything of value to customers, vendors, consultants etc. or offer entertainment or any benefits, in order to secure preferential treatment of the Company. Gifts should be accepted or offered in normal exchanges common to business relationships and on social or religious functions or marriage.

11. The Board has lay down a code of conduct for all Board members and senior management of the company. The code of conduct has been posted on the notice Board/website of the company and all Board members and senior management personnel have affirmed compliance with the code on an annual basis.

**COMPLIANCE OF THE RELATED PARTY TRANSACTIONS:**

All the directors and KMPs shall submit their declaration of Interest in the Form MBP-1 to the Board in the First meeting of the Board held in the financial year and ensure that their declaration has been taken on record by the Board. Further that they will not participate and vote at the Board or the members meeting if they are interested and shall comply with the requirement for the Related Party Transactions as given under the Regulation 23 of the SEBI (LODR) Regulations, 2015 as well as provisions of the section 184 and 188 of the Companies Act, 2013 and the rules made their under from time to time.

**COMPLIANCE OF THE SEBI (PIT) REGULATIONS, 2015:**

The Directors and Senior Management strictly comply with the requirement of the SEBI (PIT) Regulations, 2015 and shall not disclose any price sensitive in formations, which may came to their knowledge by virtue of their position in the Company and shall not deal in the shares of the Company during the window closing period and without submission of the trading plan to the Compliance officer of the Company. The above said Code shall be applicable w. e. f. the date of listing of equity shares of the Company on NSE

Ltd. and a copy of the same shall be delivered to all the concerned directors and senior management and be hosted at the website of the Company.

## **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

### **1. PREFACE:**

a. The Company believes in conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, integrity and ethical behaviour and ensure adherence of these principles across the organization, it has adopted the Code of Conduct to ensure avoiding any conflict of interest. Company takes violation of the Code of Conduct as a matter of serious concern and takes appropriate action against those who violate the same in a fair and transparent manner.

b. The Section 177 of the Companies Act, 2013 and related rules made there under provides for establishment of a vigil mechanism for its Directors and Employees to report genuine concerns or grievances about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. Further, the SEBI (Listing Obligations and Disclosure Requirements), 2015, Listing Agreement entered into by and between the Company and the Stock Exchanges and SEBI (Prohibition of Insider Trading) Regulations, 2015, among other things, also requires companies to establish a mechanism viz. "Whistle Blower Policy" for Directors and Employees to report the instances of unethical behaviour, actual or suspected fraud or any violation, leak of unpublished price sensitive information and seek redressal.

c. Accordingly, this Whistle Blower Policy ("the Policy") has been formulated with a view to provide for a mechanism for Directors and Employees of the Company to report any violation of the Code of Conduct and / or laws applicable to the Company.

### **2. DEFINITIONS:**

The definitions of some of the key terms used in this Policy are given below:

a. "Alleged Person" means a person against or in relation to whom a Reported Disclosure has been made or evidence has been gathered during the course of an investigation.

b. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with the applicable provisions of law from time-to-time.

c. "Code of Conduct" means the Code of Conduct for the Board of Directors & Senior Management and Employees of the Company.

d. "Director" means a person appointed as such as a director on the Board of the Company pursuant to the provisions of the Companies Act, 2013 (as amended) and includes executive Director.

e. "Employee" means every employee of the Company (whether working in India or abroad) but excluding the Directors of the Company.

f. "Investigating Committee" or "Committee" means a committee constituted by the Audit Committee under the Chairmanship of a Senior Management person. The said Committee shall be required to examine the Reported Disclosures in respect of Employees other than Directors & Senior Management personnel including grievances of Whistle Blower about the victimization allegedly suffered by him / her and suitably report the same to the Audit Committee from time-to-time.

g. "Investigators" mean those persons authorized, appointed, consulted or approached by the Investigating Committee and / or Audit Committee and shall include the HR Department, auditors of the Company and the regulatory authorities.

h. “Reported Disclosure” means any communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity, actual or suspected fraud, leakage of Unpublished Price Sensitive Information or violation of the Company’s Code of Conduct or violation of laws applicable to the Company.

i. “Senior Management” means personnel of the Company who are the members of the management i.e. one level below the Board of Directors including all functional heads of the Company.

j. “Whistle Blower” means person making a Reported Disclosure under this Policy.

k. “Unpublished Price Sensitive Information” means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:

a. financial results;

b. dividends;

c. changes in capital structure;

d. merger, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;

e. changes in Key Managerial Personnel

**PURPOSE:**

1. To create a fearless environment for the employees to report any instance of unethical behaviour, actual or suspected fraud or violation of the company’s code of conduct or ethics policy to the Ombudsman.
2. It is to provide necessary safeguards for protection of employees from reprisals or victimization.
3. The Company is striving to develop a culture where it is safe for all employees to raise their concerns about any poor or unacceptable practice and/or an event of misconduct.

**AMBIT:**

The Policy covers illegalities, malpractices and events which have taken place/ suspected to take place involving:

- a. Abuse of authority
- b. Breach of contract
- c. Negligence causing substantial and specific danger to public health and safety
- d. Manipulation of company data/records
- e. Financial irregularities, frauds or suspected fraud
- f. Criminal offence
- g. Pilferage of confidential/propriety information
- h. Deliberate violation of law/regulation
- i. Wastage/misappropriation of company funds/assets
- j. Breach of employee Code of Conduct
- k. Any other unethical, biased, imprudent event
- l. Policy should not be replaced with Company grievance procedures or be a way for raising malicious or frivolous allegations against colleagues.

**PRINCIPLES:**

To ensure that this Policy is adhered to, and to assure that the concern will be acted upon seriously, the Company will:

- a. Ensure that the Whistle Blower and/or the person processing the Protected Disclosure is not victimized for doing so;
- b. Treat victimization as a serious matter and initiating disciplinary action on such person/(s);
- c. Shall act upon protected disclosures in a time bound manner.
- d. Ensure confidentiality.
- e. Disclose complete evidence of the Protected Disclosure;
- f. Take disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
- g. Provide an opportunity of being heard to both the parties.

**PROCESS:**

1. The complaint raised by an employee is to be communicated to the audit committee or a compliance officer.
2. The Protected Disclosure/Complaint should be attached to a letter bearing the identity of the whistle blower/complainant i.e. his/her Name, Employee no., PF no., Designation and Address, and should be inserted in an envelope which should be closed/secured/sealed. The envelope thus secured/sealed should be addressed to the Competent Authority and should be super scribed "Protected Disclosure".
3. Anonymous or pseudonymous Protected Disclosure shall not be entertained.
4. This would result in initial enquiry.
5. The Whistle Blower shall co-operate with investigating authorities.
6. The complaint could be dismissed when it is found that the complaint is frivolous or insignificant and the proceedings can be stopped.
7. If the complaint turns out to be a genuine one, an enquiry committee can be appointed and which may take up further investigations.
8. The investigation shall be completed normally within 45 days of the date of receipt of the protected disclosure or such extended period as the Competent Authority may permit for reasons to be recorded.
9. Based on the results of the investigation, appropriate action may be taken against the wrongdoer as the case may be.

**PROTECTION:**

- a. While it is ensured that Whistle Blowers are accorded complete protection from any kind of harassment, unfair treatment or any abuse of this protection will warrant disciplinary action.
- b. Protection under this Policy would not mean protection from disciplinary action arising out of false or spurious allegations made by a Whistle Blower knowing it to be false or spurious or with a mala fide intention.
- c. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistleblower.

**ACTION:**

- a. If the Competent Authority is of the opinion that the investigation discloses the existence of improper activity which is an offence punishable in law, the Competent Authority may direct the concerned authority to take disciplinary action under applicable statutory provisions.
- b. The Competent Authority shall take such other remedial action as deemed fit to remedy the improper activity mentioned in the protected disclosure and/or to prevent the re-occurrence of such improper activity.
- c. Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be mala fide, frivolous or malicious, shall be liable to be prosecuted under Company's Code of Conduct.

(The Competent Authority would be Chairman or Managing Director or the Board of Directors of the Company)

**REPORTING AND REVIEW:**

- a. The Competent Authority shall submit a report of the complaint, of the investigation conducted, and of the action taken to the Chairman, Audit Committee, who shall have power to review any action or decision taken by the Competent Authority.
- b. All employees of the Corporation shall abide by, obey and be bound to implement any decision taken or direction given by the Audit Committee.

**SAVINGS:**

This policy can be changed, modified or abrogated at any time by the Board of Directors of the Company.

## **CRITERIA OF MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS**

Schedule V read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred as “Listing Regulations”), requires every Company to publish its criteria of making payments to Non- Executive Directors in its annual report. Alternatively, as per Regulation 46 (2) of Listing Regulations, this may be put up on the Company’s website and reference may be drawn thereto in its annual report.

Section 197 of the Companies Act, 2013 and Regulation 17(6) (a) of Listing Regulations require the prior approval of the shareholders of a Company for making payment to its Non-Executive Directors (hereinafter referred as “NEDs”).

However, the requirement of obtaining prior approval of shareholders in general meeting shall not apply to payment of sitting fees to non-executive directors, if made within the limits prescribed under Companies Act, 2013 for payment of sitting fees without approval of the Central Government.

Accordingly, the following criteria is laid down for VENLON ENTERPRISES LIMITED (hereinafter referred as “the Company”).

In keeping with the above, any fee/remuneration payable to the NEDs of the Company shall abide by the following:

### **Remuneration to Non- Executive / Independent Director:**

#### **1. Sitting Fees:**

The NEDs (which expression includes Independent Directors) may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### **2. Reimbursement of actual expenses incurred:**

The Non-Executive Directors are also entitled for reimbursement of expenses incurred for attending the Shareholders meetings, Board Meetings and Committee meetings thereof and induction and training (organised by the Company for Directors).

#### **3. Refund of excess remuneration paid:**

If any Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the prescribed limit or without approval required under Section 197, he shall refund such sums to the Company, within two years or such lesser period as may be allowed by the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive the recovery of any sum refundable to it unless approved by the Company by Special Resolution within two years from the date the sum becomes refundable.

### **Amendments**

The Company reserves the right to modify and/or amend this document at any time subject to the applicable provisions the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **Policy on dealing with Related Party Transactions**

### **INTRODUCTION**

This Policy on Related Party Transactions (hereinafter referred to as “Policy”) of VENLON ENTERPRISES LIMITED (hereinafter referred to as “the Company”) and the amendment to this Policy, if any, by the Board of Directors of the Company or any committee thereof shall be effective from the date on which it is notified from time to time.

This Policy is prepared for ensuring compliance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other regulatory provisions, as may be applicable.

### **OBJECTIVE**

The Policy is framed to ensure due and proper compliance with the applicable statutory provisions and to fortify that proper procedure is defined and followed for approval / ratification and reporting of transactions, if any, as applicable, between the Company and any of its Related Parties. The provisions of this Policy are designed to govern the transparency of approval process and disclosures requirements to accord fairness in the treatment of related party transactions.

### **DEFINITIONS AND INTERPRETATIONS**

“**Act**” means the Companies Act, 2013 and rules made there under as amended from time to time.

“**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.

Explanation.—For the purposes of this clause- (a) the expression “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;

(b) The expression “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.

“**Audit Committee**” means a committee of the Board of Directors of the Company constituted under provisions of the Act and Listing Regulations.

“**Board**” shall mean Board of Directors of the Company.

“**Control**” as defined under the Act includes the 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 concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“**Holding Company**” shall have the meaning as specified under section 2(46) of the Companies Act, 2013.

“**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“**Key Managerial Personnel**” as defined under the Companies Act, 2013 means:

- (a) The Chairman and Managing Director;
- (b) The Company Secretary (CS);
- (c) The Whole- time Director (WTD);
- (d) The Chief Financial Officer (CFO);
- (e) 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
- (f) Such other officer as may be prescribed.

## **“Related Party”**

### **Under the Companies Act, 2013**

“Related Party” means, with reference to a company;

- i) A director or his relative;
- ii) 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 relatives 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% of its paid-up share capital;
- vi) A 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, except when such advice is given in a professional capacity;
- vii) Any person on whose advice, directions or instructions, a director or manager is accustomed to act, except when such advice is given in a professional capacity;
- viii) Anybody 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 ;

Explanation.—For the purpose of this clause, “the investing company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

ix) 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. Here the term “Relative” means relative as defined under the 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. One person is related to another in the following manner, namely:
  - (a) Father (including step-father)
  - (b) Mother (including step-mother)
  - (c) Son (including step-son)
  - (d) Son’s wife
  - (e) Daughter
  - (f) Daughter’s husband
  - (g) Brother (including step-brother)
  - (h) Sister (including step-sister)

#### **b. As per Listing Regulations**

“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: Provided that:

- (a) Any person or entity forming part of the promoter or promoter group of the listed entity; or
- (b) Any person or entity, holding equity shares of twenty per cent or more 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.

#### **c. As per Indian Accounting Standard (Ind AS) 24**

A “Related Party” is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) Has control or joint control of the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member or the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

#### **“Related Party Transactions”**

##### **a. Under the Companies Act, 2013**

Any contract or arrangement with respect to the following shall be considered as a Related Party Transactions (RPTs):

- i) Sale, purchase or supply of any goods or materials;
- ii) Selling or otherwise disposing of, or buying, property of any kind;
- iii) Leasing of property of any kind;
- iv) Availing or rendering of any services;
- v) Appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii) Underwriting the subscription of any securities or derivatives thereof of the Company.

Notwithstanding the foregoing, the following shall not be deemed RPTs:

- i) Any transaction which is in the ordinary course of business and on an arms' length basis as determined in terms of this Policy.
- ii) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

##### **b. As per Listing Regulations**

A “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; 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. Sub -division or consolidation of securities;
  - iii. Issuance of securities by way of a rights issue or a bonus issue; and
  - iv. Buy-back of securities.

#### **“Material Modification in Related Party Transaction”**

“Material modification in a related party transaction” means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

#### **“Material Related Party Transactions”**

Following transactions with a Related Party shall be construed as Material Related Party Transactions:

| Sr. No. | Transaction or contract or arrangements for                                                                           | Limits                                             |
|---------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 1       | Sale, purchase, or supply of any goods or material, directly or through the appointment of any agent*                 | 10% or more of the turnover of the Company         |
| 2       | Selling or otherwise disposing of or buying property of any kind, directly or through the appointment of agent*       | 10% or more of the Net Worth of the Company        |
| 3       | Leasing of property of any kind*                                                                                      | 10% or more of the turnover of the Company         |
| 4       | Availing or rendering of any services, directly or through the appointment of agent*                                  | 10% or more of the turnover of the Company         |
| 5       | Such related party’s appointment to any office or place of profit in the Company, its subsidiary or associate Company | at a monthly remuneration exceeding Rs. 2,50,000/- |
| 6       | Underwriting the subscription of any securities or derivatives thereof, of the company                                | 1% of the net worth of the Company                 |

**“Subsidiary Company”** shall have the same meaning as specified under section 2(87) of the Companies Act, 2013.

**“Turnover”** shall have the same meaning as specified under section 2(91) of the Companies Act, 2013.

**“Wholly Owned Subsidiary”** When a company holds 100% of shares of another company, the other company is called a Wholly Owned Subsidiary of the company who has made 100% investment in it.

#### **4. DETERMINING “ORDINARY COURSE OF BUSINESS”**

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is permitted by the objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the ordinary course of business.

#### **5 .ASCERTAINING “ARMS’ LENGTH” IN RELATED PARTY TRANSACTIONS**

The expression “arms’ 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.

A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party. The Company shall produce evidence to the satisfaction of the Audit Committee for complying with the said procedure, as and when applicable as required. If there are no similar parties with whom similar transactions are entered into, then any of the methods under the applicable laws for determining the arm’s length pricing.

#### **6. PROCESS OF IMPLEMENTATION OF THE POLICY**

##### **IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

(a) Each Director / Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or his relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer, in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

(b) Every Director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such discussion.

(c) Where any Director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

(d) A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

(e) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate authority for approval.

(f) Any Director / Key Managerial Personnel who has been convicted of the offence dealing with RPTs at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel, as the case may be.

## **B. MECHANISM FOR APPROVAL FOR RELATED PARTY TRANSACTIONS AND SUBSEQUENT MATERIAL MODIFICATIONS**

### **1. TRANSACTIONS WHICH ARE ON ARM'S LENGTH BASIS AND ARE IN ORDINARY COURSE OF BUSINESS**

(a) Prior approval of Audit Committee provided that only those members of the audit committee, who are Independent Directors, shall approve RPTs.

(b) Prior approval of shareholders by way of ordinary resolution if such RPTs are "Material Related Party Transactions" as defined above.

### **2. TRANSACTIONS WHICH ARE EITHER NOT ON ARM'S LENGTH BASIS AND / OR NOT IN ORDINARY COURSE OF BUSINESS**

(a) Recommendation of Audit Committee prior to the transaction provided that, only those members of the audit committee, who are Independent Directors, shall recommend RPTs.

(b) Prior approval of Board of Directors.

(c) Prior approval of shareholders by way of ordinary resolution if such RPTs are "Material Related Party Transactions" as defined above.

### **3. OMNIBUS APPROVAL BY AUDIT COMMITTEE**

The Audit Committee may grant omnibus approval for RPTs 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 this Policy 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:

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.

(d) 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 per transaction.

(e) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

(f) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

#### **4. PROCEDURE TO BE FOLLOWED FOR RELATED PARTY TRANSACTIONS**

(a) The Compliance officer shall identify the related party, as applicable from time to time on annual basis and; as and when there is any changes in related party and circulate the same to all the departments of the Company.

(b) The Director/ KMP/ Related Party shall bring to the notice of Compliance Officer of any transactions to be entered by the related party with the Company.

(c) The concerned departments shall approach Compliance Officer before entering into any transactions with Related Party along with the details of the transactions to be entered.

(d) After receipt of the notice, the compliance officer shall make sure that the transactions to be entered is as per the policy on RPTs approved by the Board and also verify the approval sought for such transaction by the Audit Committee /Board/ Shareholders, as applicable.

(e) If the transaction to be entered is already approved by the Audit Committee/ Board/Shareholder, as applicable and if it is within the limit of approval then the compliance officer shall inform the respective department of the same and allow the transaction to proceed.

(f) If the transaction proposed to be entered with related party is not already approved by the Audit Committee /Board/Shareholders then the Compliance officer shall take necessary steps for prior approval of the transactions.

(g) Any RPTs approved by the Audit Committee/ Board/ Shareholders shall be informed to the concerned departments specifying the limit of approval.

#### **5. RESTRICTIONS ON PARTICIPATION BY INTERESTED DIRECTOR IN THE AUDIT COMMITTEE/ BOARD MEETING**

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 relating to such contract or arrangement.

#### **6. VOTING BY RELATED PARTIES**

No related party shall vote to approve RPTs requiring Shareholders' approval, irrespective of whether the entity is a related party to the particular transaction or not.

### **C. STANDARDS FOR REVIEW**

i) The agenda of the Audit Committee/ Board meeting shall inter-alia consist of the following for review:

(a) The name of the related party and nature of relationship with the Company or its subsidiary;

(b) The nature, duration of the contract and particulars of the contract or arrangement;

(c) The material terms of the contract or arrangement including the value, if any;

(d) Any advance paid or received for the contract or arrangement, if any;

(e) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

(f) 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;

(g) 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;

(h) In case of transaction with subsidiary, value of proposed transaction in terms of percentage of the subsidiary's annual turnover on standalone basis;

(i) In case of transaction related to any loan, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary-

- (i) Details of source of funds in connection with the proposed transaction,
- (ii) Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, then nature of indebtedness cost of funds and its tenure,
- (iii) Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured,
- (iv) If secured, the nature of security, and
- (v) The purpose for which the funds will be utilized by the ultimate beneficiaries of such funds, pursuant to the transaction;
- (j) Justification as to why the transaction is in the interest of the Company;
- (k) A copy of the valuation or other external party's report, if any such report has been relied upon;
- (l) Justification as to why pre-approval was not sought for, if applicable; and
- (m) Any other information relevant or important for taking a decision on the proposed transaction.

ii) While approving/ ratifying/ recommending a Related Party Transaction, Audit Committee/ Board shall review and consider the following, in accordance with the standards set forth in this Policy:

- (a) The Related Party's interest in the transaction;
- (b) Whether the transaction was undertaken in the ordinary course of business of the Company;
- (c) Whether the transaction with the Related Party is at arms' length basis;
- (d) The purpose of, and the potential benefits to the Company from the transaction;
- (e) Whether there are any compelling business reasons for the Company to enter into the transaction;
- (f) Whether the transaction includes any potential reputational risk issues that may arise as a result of or in connection with the transaction;
- (g) Whether the transaction would impair the independence of an otherwise Independent Director or Nominee Director;
- (h) Whether the Company was notified about the transaction before its commencement and if not, why pre-approval was not sought for and whether subsequent ratification would be detrimental to the Company; and
- (i) Whether the transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the on going nature of any proposed relationship and any other factors the Audit Committee / the Board deems relevant and appropriate.
- (j) Required statutory and public disclosure, if any; and
- (k) Any other information regarding the transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board / Shareholders, as applicable, in light of the circumstances of the particular transaction.

iii) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 102 of the Companies Act, 2013 shall contain the following particulars namely:-

- (a) summary of the transaction provided by the management to the Audit Committee/ Board;
- (b) Justification as to why the transaction is in the interest of the Company;
- (c) A statement that the valuation or other external report, if any relied upon by the Company in relation to the transaction will be made available through email address to the shareholders;
- (d) Any other information relevant or important for the members to take a decision on the proposed resolution.

#### **D. RATIFICATION OF RELATED PARTY TRANSACTIONS**

(a) Every contract or arrangement entered into with a related party shall be referred to in the Board's report to the Shareholders along with the justification for entering into such contract or arrangement.

(b) If prior approval of the Audit Committee/ Board/ Shareholders for entering into a RPTs is not feasible owing to paucity of time and also other administrative inconvenience, then such RPTs shall be recommended by the Audit Committee for ratification to the Board/

Shareholders, if required, within 3 months of entering into the Related Party Transaction.

(c) In any case where either the Audit Committee/ Board/ Shareholders determines not to ratify a Related Party Transaction that has been commenced without prior approval, the Committee or Board or Shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. If the contract or arrangement is with a Related Party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

#### **E. REVIEW OF LONG TERM RELATED PARTY TRANSACTIONS**

Audit Committee shall review the status of long term (more than one year) or recurring RPTs, on an annual basis.

#### **7. DISCLOSURES**

The Company is required to disclose this Policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report of the Company. The Annual Report of the Company shall also contain the disclosures on related parties as required under the Listing Regulations.

The Company shall submit to the stock exchanges disclosures of RPTs in the format as specified by the SEBI from time to time, every six months within thirty days from the date of publication of its standalone and consolidated financial results, and publish the same on its website. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

#### **4. AMENDMENT**

If 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 this Policy until this Policy is changed to conform to the law, rule, regulation or standard.

## **Familiarisation Programme for Independent Directors**

### **PREAMBLE**

In terms of Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed Companies shall conduct familiarization programme for Independent Directors so as to familiarize them with the Company, their roles & responsibilities, their rights, nature of industry in which the company operates, business model of the Company etc. through various initiatives.

### **INDUCTION PROGRAMME**

A new Director is welcomed to the Board of the Company by sharing the following documents

- (a) Company's Corporate Profile and Memorandum of Association & Article of Association of the Company
- (b) Annual Report for last three years
- (c) Code of Conduct applicable for Directors and Senior Management Personnel
- (d) Note on Directors roles and responsibilities.
- (e) Material of the Company that explains the range of the products offered by the Company to its customers.
- (f) Note on the key customers of the Company and their geographical distribution in terms of the work across and the revenue.

In case the Independent Director is also inducted on Audit Committee, he is also handed the Terms of reference of Audit Committee and Whistle Blower Policy.

The appointment letter issued to Independent Directors inter alia sets out the expectation of the Board from the appointed Director, their fiduciary duties and responsibilities that come with the appointment as a Director of the Company, along with the details of remuneration and performance review process.

### **ONGOING FAMILIARISATION PROGRAMMES**

During the Board meetings of the Company various presentations are made by business heads of the Company from time to time on different functions and areas in order to enable the Directors to better understand the Business and operations of the Company.

Presentations are made at the Board and Board Committee Meetings, on Business and performance updates of the Company, business strategy and risks involved, market share and other financial parameters, working capital management, litigations, compliances and fund flows.

Each Independent Director of the Company has complete access to information relating to the Company like policies, Board Presentations and Financials at all times. Independent Directors have the freedom to interact with the Company's management. They are given all the documents sought by them for enabling a good understanding of the Company, its various operations and the industry segments of which it is a part.

Further, Independent Directors meet for a separate meeting of Independent Directors annually without the presence of the Company's Management Personnel to broadly discuss matters pertaining to the Company's affairs and put forth their combined views to the Board.

The Chairman of the Board depending on the business needs may also nominate independent directors for relevant external training programs.

Details of Familiarization Sessions held w .e. f 1<sup>st</sup> April, 2015 are as follows

| Sl. No. | Date of Programme | No. of hours spent |
|---------|-------------------|--------------------|
| 1       | 30-05-2015        | 2                  |
| 2       | 28-05-2016        | 2                  |
| 3       | 30-05-2017        | 2                  |
| 4       | 30-05-2018        | 2                  |
| 5       | 30-05-2019        | 2                  |
| 6       | 25-08-2020        | 2                  |
| 7       | 14-08-2021        | 2                  |
| 8       | 30-08-2022        | 2                  |
| 9       | 14-08-2023        | 2                  |

Details of attendance of the Independent Directors in the Familiarization Programme are as follows upto 31.03.2024

| Sl. No. | Name of the Independent Director | No. of sessions attended during |                      | No. of hours spent in the sessions attended |                      |
|---------|----------------------------------|---------------------------------|----------------------|---------------------------------------------|----------------------|
|         |                                  | FY 2023-24                      | Cumulative till date | FY 2023-24                                  | Cumulative till date |
| 1       | Shri. S.V.Jain                   | 1                               | 9                    | 2                                           | 18                   |
| 2       | Shri. Sreedhar Nagaraju          | 1                               | 2                    | 2                                           | 2                    |
| 3       | Shri. H K Nagendra*              | 0                               | 0                    | 0                                           | 0                    |

Appointed w.e.f. 30<sup>th</sup> December 2023

## **POLICY FOR DETERMINING MATERIALITY OF EVENTS / INFORMATION FOR DISCLOSURE TO STOCK EXCHANGE(S), 2016**

(Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

### **1. Preface**

In terms of Regulation 30 of SEBI-LODR (as defined herein below), every listed entity shall make disclosures of events or information to Stock Exchange(s) which in the opinion of the Board of Directors of the listed entity are material. The listed entity is required to frame a policy for determination of materiality of events/information under Regulation 30(4)(ii) of the SEBI-LODR for the purpose of adequate, accurate, explicit and timely disclosures of the same to the Stock Exchanges.

#### Objective of the Policy

VENLON ENTERPRISES LIMITED, being a listed entity is obligated to comply with the disclosure requirements under the Regulation 30 of the SEBI-LODR. The primary objective of the Policy is to determine the events or information which in the opinion of the Board of Directors is material, considering the criteria mentioned in the Regulation 30(4)(i) of the SEBI LDOR and needs to be disclosed to the Stock Exchanges in the timeframe provided therein.

The Policy intends to provide guidance to the Board of Directors, Key Managerial Personnel and other employees of the Company in understanding and making decisions about disclosure of such events or information which may materially affect the performance/operation of the Company and thereby the prices of the listed securities of the Company. Further, the Policy is designed for systematic identification, categorization, review and disclosure to the stock exchanges and hosting on the Company's website and regular updation of the events/information which may have material bearing on the performance /operation of the Company and as a result, affect the market prices of the listed securities of the Company.

Words/Expressions used but not defined in the Policy shall have the same meaning as assigned to them in the SEBI-LODR or any modification thereto.

#### Definitions

- (a) "Audit Committee" means the Audit Committee as constituted from time to time by the Board of Directors of the Company.
- (b) "Board of Directors" means the Board of Directors of VENLON ENTERPRISES LIMITED as constituted from time to time.
- (c) "Company" means VENLON ENTERPRISES LIMITED.
- (d) "Key Managerial Personnel "(KMP) means and includes Chairman, Whole-time Directors and Company Secretary of the Company, in accordance with Section 2(51) of the Companies Act, 2013 who may be authorized (jointly and/or severally) to determine the material events or information for disclosing to Stock Exchanges from time to time and for making disclosures to Stock Exchanges under the Regulation 30 of SEBI-LODR.
- (e) "Policy" shall mean this Policy for determining materiality of events/information for disclosure to Stock Exchanges and as amended from time to time.
- (f) "SEBI-LODR" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

#### Categories of Events/ Information

##### Category-A

In terms of Regulation 30(2) (Sub Para 4 of Para A of Part A of Schedule-III) of SEBI-LODR, the following events/information shall be disclosed within 30 minutes of the conclusion of the Meeting of the Board of Directors where the relevant event/information is considered by the Board:

- (i) Dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
- (ii) Any cancellation of dividend with reasons thereof;
- (iii) The decision on buyback of securities;
- (iv) The decision with respect to fund raising proposed to be undertaken
- (v) Increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
- (vi) Reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
- (vii) Short particulars of any other alterations of capital, including calls;
- (viii) Financial results;
- (ix) Decision on voluntary delisting by the Company from stock exchange(s).

#### Category-B

In terms of Regulation 30(2) (Para A of Part A of Schedule-III) of SEBI-LODR, the following events/information shall be disclosed not later than 24 hours of the occurrence of the event without any application of the guidelines for materiality specified herein in accordance with sub-regulation (4)(i) of the Regulation 30:

- (i) Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary. of the Company or any other restructuring.

For the purpose of the above sub-para, the word “acquisition” shall means

- a) Acquiring control, whether directly or indirectly; or,

- b) Acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that -

I. The Company holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company; or

II. There has been a change in holding from the last disclosure made under sub-clause (I) above and such change exceeds two per cent of the total shareholding or voting rights in the said company.

- (ii) Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities, etc.

- (iii) Revision in Rating(s).

- (iv) Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the Company), agreement(s)/treaty (ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.

- (v) Fraud/defaults by promoter or key managerial personnel or by the Company or arrest of key managerial personnel or promoter.

- (vi) Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, etc.), Auditor and Compliance Officer.
- (vii) Appointment or discontinuation of share transfer agent.
- (viii) Corporate debt restructuring.
- (ix) One time settlement with a bank.
- (x) Reference to BIFR and winding-up petition filed by any party /creditors.
- (xi) Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Company.
- (xii) Proceedings of Annual and extraordinary general meetings of the Company.
- (xiii) Amendments to memorandum and articles of association of the Company, in brief.
- (xiv) Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;
- (xv) Detailed reason for resignation of auditors
- (xvi) Letter of resignation of independent director along with detailed reasons for resignation and names of listed entities in which the resigning director holds directorship.
- (xvii) Resolution plan in relation to loans/borrowings from banks/financials institutions.
- (xviii) Events pertaining to corporate resolution process.
- ( xix) Initiation of Forensic audit.

#### Category-C

In terms of Regulation 30(3) (Para B of Part A of Schedule-III) of SEBI-LODR, the following events/information shall be disclosed not later than 24 hours of the occurrence of the event subject to the materiality of event to be determined by the Company based on the application of the criteria for materiality as specified in para 7 below in accordance with sub-regulation (4)(i) of the Regulation 30:

| Sl No. | Events/ Information                                                                                                                                                                                                                                        | Criteria for determination of materiality                                                                                                                                                                                           |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division                                                                                                                        | Exceeding 10% of total production of the Company as per the preceding financial year.                                                                                                                                               |
| 2      | Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal). | Investment exceeding 10% of total turnover of the Company as per preceding financial year<br><br>Closure of operation of any unit/division which generates 10% of total turnover of the Company during the previous financial year. |
| 3      | Capacity addition or product launch                                                                                                                                                                                                                        | Exceeding 10% of capacity addition of the existing product capacity; or New product launch                                                                                                                                          |
| 4      | Awarding, bagging / receiving, amendment or termination of awarded/bagged orders / contracts not in the normal course of business                                                                                                                          | Order/ contracts exceeding 10% of total turnover of the Company as per preceding financial year.                                                                                                                                    |
| 5      | Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.                                                            | Loan exceeding 10% of net worth of the Company as per preceding financial year                                                                                                                                                      |

|    |                                                                                                                                                                                            |                                                                                                                                                                       |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6  | Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc | Which results in discontinuation of operation of that unit / division for more than 10 working days.                                                                  |
| 7  | Effect(s) arising out of change in the regulatory framework applicable to the Company                                                                                                      | Affecting main business of the Company exceeding 10% of total turnover as per previous financial year                                                                 |
| 8  | Litigation(s) / dispute(s) / regulatory action(s) with impact.                                                                                                                             | Exceeding claim value of Rs.5 crores                                                                                                                                  |
| 9  | Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.                                                                                        | Amount as specified under the Companies Act, 2013 and Rules made thereunder.                                                                                          |
| 10 | Giving of guarantees or indemnity or becoming a surety for any third party                                                                                                                 | Exceeding 20% of net worth of the Company as per preceding financial year.                                                                                            |
| 11 | Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals                                                                                        | Affecting the total turnover of the Company exceeding 10% as per preceding financial year                                                                             |
| 12 | Any other events/information                                                                                                                                                               | Which are likely to affect 10% of total turnover or 5% of the net profit of the Company as per the last audited financial statements of the Company whichever is less |

#### Category- D

In terms of Para C of Part A of Schedule-III of SEBI-LODR any other information/event viz. major development that is likely to affect business shall be disclosed not later than 24 hours of the occurrence of the event e.g. emergence of new technologies; expiry of patents; and any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

Further in terms of Regulation 30(12) of the SEBI-LODR in case where an event occurs or any information is available with the Company, which has not been indicated above in category A or category B or category C but which may have material effect on it, the Company shall make adequate disclosures in regard thereof.

#### Category - E

The Board of Directors shall without prejudice to the generality of provisions specified above, may disclose any other event/information within the prescribed time as required by the SEBI.

#### Criteria For Determining Materiality For Disclosure Of Events/ Information Listed Under Category C Above.

I. The following criteria shall be followed for determination of Materiality of events/information listed under Category 'C' above:

(a) The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or

(b) The omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;

(c) In case where the criteria specified in sub-clauses (a) and (b) above are not applicable, an event/information may be treated as being material if in the opinion of the Board of Directors of the Company/, the event / information is considered material.

II. In addition to the above, the Board of Directors (as defined herein below) may consider the impact on the following parameters for determination of materiality of an event:

(i) Cash flow position

(ii) Credit worthiness

(iii) Volume and scope of operations

(iv) Revenue

(v) Employee retention and attrition

(vi) Workers agitation including cases of strikes, lock outs, etc.

(vii) Factors affecting the market price or the volume of securities listed on stock exchange(s).

(viii) Parameters which may affect the goodwill of the Company.

However, the limit, if any, for each of the above mentioned parameters may be decided by the Board of Directors.

#### Procedure for Disclosure

The Functional Director(s)/Head of Department(s) of the Company shall be communicated regarding the requirements under this Policy. The concerned Functional Director/ Head of Department shall bring all the events/information to the attention of the Board of Directors in writing for their consideration. The said written communication shall contain all the required information as required under SEBI-LODR and shall be communicated to the Board of Directors well in time so that the requirements of this Policy can be adhered to. Any such event/ information, which is brought to the notice of the Board of Directors and they opine that the same is required to be disclosed to the Stock Exchange(s), shall be disclosed in terms of this Policy.

#### Delay in Disclosures/Update/Replies to the Stock Exchange(s)

(a) In case any disclosure of any event or information required to be made in accordance with this Policy is made to the Stock Exchange(s) after twenty-four (24) hours of occurrence of such event or information, the Company shall along with such disclosure(s) provide an explanation for the delay.

(b) Any event/information which has been disclosed to the Stock Exchange(s) in accordance with this Policy shall be updated regularly on the basis of any material development till the event is resolved/closed with relevant explanations.

(c) The Company shall provide specific and adequate reply to all queries raised by any Stock Exchange(s) with respect to any events or information.

#### Update of Company's Website and Disclosures to Stock Exchange(s)

The Company shall update all disclosures of events made under the Policy to the Stock Exchange(s) on its website and such disclosures shall be continued to be hosted on the website of the Company for a minimum period of five years and thereafter as per the Archival Policy of the Company, as disclosed on the website.

#### Dealing with unapproved disclosure event or information and/ or rumours.

The, Company Secretary and Chief of Corporate Affairs are hereby jointly and/ or severally authorized to accept/deny any reported event/information, which is accidentally disclosed without approval or is made public by any means whatsoever including but not limited to media, electronic means. They are further authorized to respond to the rumors amongst the general public, having no basis or documentation, in the interest of the Company.

#### Compliance Officer

The Company Secretary shall be the Compliance Officer for the purpose of complying with the provisions of the SEBI-LODR and shall ensure overall compliance of this Policy, including making disclosure to the Stock Exchange(s) of event/ information as approved by the Board of Directors.

#### Amendment

VENLON ENTERPRISES LIMITED is authorized to amend or modify this Policy on the recommendations of the Audit Committee. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

Disclosure of contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event

1. C.D.Datwani

Chairman and Managing Director

[datwanichand@gmail.com](mailto:datwanichand@gmail.com)

2. G.D.Rama Rao

Company Secretary and Compliance officer

[gdrvenlon@gmail.com](mailto:gdrvenlon@gmail.com)

Designated official for assisting and handling investor grievances

G D Ramarao

Company Secretary

Email- [gdrvenlon@gmail.com](mailto:gdrvenlon@gmail.com)