



Vipul

VIPUL LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

The Board of Directors of the Company has adopted the following revised policy and procedures with regard to Related Party Transactions. This revised policy will be effective from May 30, 2016.

PURPOSE

This policy is originally framed based on erstwhile Listing Agreement entered by the Company with Stock Exchanges and primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties. The Board has revised the said policy in line with norms laid under SEBI (LODR) Regulations, 2015.

The Company has various subsidiaries. In the course of business, the Company enters into transactions with various parties, including related parties.

This policy is to regulate transactions between the Company and its Related Parties, based on the applicable laws and regulations applicable to the Company and also provides for materiality of related party transactions.

DEFINITIONS

“Arm’s length transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

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

Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of SEBI (LODR) Regulations, 2015 and Companies Act, 2013, from time to time.

“Board of Directors” or “Board” means the Board of Directors of Vipul Limited, as constituted from time to time.

“Company” means Vipul Limited

Key Managerial Personnel” means Key Managerial Personnel, as defined under the Companies Act, 2013 and the Rules made thereunder.

“Policy” means Related Party Transaction Policy.

“Act” means the Companies Act, 2013

“Ordinary Course of Business” for the purpose of this policy will cover the business of Vipul Ltd & its ‘Group’, usual transactions, customs and practices of a business including incidental and/or facilitative activities of the business of Vipul Ltd and its ‘Group’. The following factors have been considered for determination of whether the transactions are in ordinary course of business.

- a. The objects of the Company permit the activities undertaken
- b. There is a historical practice to conduct such activities
- c. A pattern of frequency to conduct such activities over a period of time, and
- d. The transactions are common in industrial practice.

“Related Party” means an entity which is a related party as per Section 2(76) of the Act or such entity (ies) which is a related party as provided in the applicable accounting standard.

“Related Party Transaction” means such transactions between the Company and related parties, as defined under clause (a) to (g) sub-section (1) of section 188, Regulation 2(1)(zc) & 23 of SEBI(LODR) Regulations, 2013 and transactions covered under Accounting Standards prevailing from time to time. The Illustrative list of Related Party Transactions is as under:

- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of or buying property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;

(The above is an indicative list and is not exhaustive).

Material Related Party Transactions requires shareholder approval pursuant to Section 188 of the Companies Act, 2013 & Listings Regulations.

These transactions are:.

- Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees one hundred crore, whichever is lower;
- Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of net worth of the company or rupees one hundred crore, whichever is lower;
- Leasing of property of any kind exceeding ten percent of the net worth of the company or ten percent of turnover of the company or rupees one hundred crore, whichever is lower;
- Availing or rendering of any services, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees fifty crore, whichever is lower.

All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolution whether the entity is a related party to the particular transaction or not.

“Significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

POLICY

Transactions with Related Party(ies) requires prior approval of Audit Committee unless exempted in accordance with applicable law(s).

The Audit Committee shall review and approve all Related Party Transactions based on this Policy. All Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy, whether at a meeting or by resolution by circulation.

A member of the Committee who has a potential interest in any Related Party Transaction(s) will abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

The Committee shall be provided with all relevant material information of the Related Party Transaction(s), including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other relevant matters.

The Board may on its own or referred by the Committee or as mandatory under any law, review and approve the related party transaction(s) in accordance with this policy, with such modification as may be necessary or appropriate under the circumstances.

In terms of Regulation 23(3) of SEBI (LODR) Regulations, 2015, the Board of the Company have prescribed the following criteria subject to which the Audit Committee is entitled to grant the omnibus approval and also authorize the Audit Committee to grant omnibus approval in appropriate cases:

- (a) Maximum value of transactions, in aggregate, under the omnibus route in one financial year;
- (b) Maximum value per transaction which can be allowed;
- (c) Review at quarterly interval related party transactions entered pursuant to each of the omnibus approval;
- (d) Extent and manner of disclosure to be made to the Audit Committee at the time of seeking omnibus approval;
- (e) Omnibus approval will be valid for a period of one financial year;
- (f) Transactions which cannot be subject to the omnibus approval of the Audit Committee.

OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval. While granting approval, the Audit Committee shall satisfy itself of the need for omnibus approval and that the same is in the interest of the Company. The omnibus approval shall specify the following:

- (a) Name of the related parties;
- (b) Nature and duration of the transaction;
- (c) Maximum amount of transaction that can be entered into;
- (d) The indicative base price or current contacted price and the formula for variation in the price, if any; and
- (e) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:
Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transaction subject to their value not exceeding rupees one crore per transaction.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

The details of such transaction shall be reported at the next meeting of the Audit Committee.

Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy.

Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

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

Any other conditions as the Audit Committee may deem fit.

APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions, even if executed in ordinary course of business and at arms' length price, shall require approval of the shareholders through resolution and all the Related Parties shall abstain from voting on such resolution, unless exempted under the Listing Regulations/Companies Act 2013.

TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions which are not in the ordinary course of business or not at arms' length shall also require prior approval of the Audit Committee as well as Board of Directors of the Company. Further, such Related Party Transactions which are in excess of the limits prescribed under the Companies Act, 2013, shall require prior approval of the shareholders through resolution and all the Related Parties shall abstain from voting on such resolution.

RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

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

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances in respecting of such transaction(s) and shall evaluate all options available to the Company.

REPORTING OF RELATED PARTY TRANSACTIONS

Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual Return, Board's Report and to the Stock Exchanges.