



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.

(Modified w.r.t. the Sixth Amendment to the SEBI LODR Regulations dated 9th November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021 – The amendments appearing in [] shall be effective from April 1, 2022 unless otherwise specified).

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.

“Associate Company” means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

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

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

“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.

[“Material Modification” in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.]

“Related Party” means related party as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder or under the applicable accounting standards:

[The following shall also be treated as the Related Party –

- a. all persons or entities forming part of promoter or promoter group irrespective of their shareholding;
- b. any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
 - i. to the extent of 20 % or more
 - ii. to the extent of 10% or more w.e.f. April 1, 2023].

“Related Party Transaction or transaction (“RPT)” means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Explanation – A “transaction” with a Related Party shall be construed to include single or a group of transactions in a contract.

[The RPT shall include transactions between -

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand;
- b. the Company 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 Company or any of its subsidiaries w.e.f. April 1, 2023.]

“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 subsidiary for the immediately preceding accounting year.

Policy and Procedure

Policy

All Related Party Transactions [where the Company is a party to such transactions], must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

Procedures

A. Identification of Related Party Transactions

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Companies Act, 2013 and the rules thereunder and SEBI LODR as amended from time to time.

B. Review and approval of Related Party Transaction

Audit Committee

Every Related Party Transaction [and subsequent Material Modifications] shall be subject to the prior approval of the Audit Committee.

[Members of the audit committee, who are independent directors, shall only approve related party transactions].

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI LODR as amended from time to time.

[The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.]

[Members of the audit committee, who are independent directors, shall only approve related party transactions].

[Prior approval of the Audit committee shall be required for

a. All RPTs and subsequent Material Modifications;

b. RPTs where Company's subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company:

c. with effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of such subsidiary.

Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.]

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information [(as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time)], to the extent relevant, with respect to actual or potential Related Party Transactions.

The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

Approval of the Board and the Shareholders

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

Further, all related party transactions [which are not in the ordinary course of business or not at the arm's length price **and** are] exceeding threshold limits prescribed in the Act **as per Annexure 1** shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and [all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.]

[Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.]

All the Material Related Party Transactions [and subsequent Material Modifications] shall require [prior] approval of the Board and shareholders through Ordinary Resolution and [no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.]

[Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.]

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

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before

the shareholders at the general meeting for approval shall not require approval of the shareholders.

[Provided that the provisions pertaining to -

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.]

Transactions which do not require approval

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party [including following

(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 Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

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

Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

7. Disclosures

Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.

[Material RPTs shall be provided in the notice to shareholders].

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall submit [enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:

- i. within 15 days from the date of publication of financials;
- ii. simultaneously with the financials w.e.f. April 1, 2023].

and also publish the same on its website.

The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

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 no related party shall vote to approve 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 no related party shall vote to approve 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.

Policy Review

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI LODR.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI LODR or any other regulations ("the Regulations") which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

[This Policy is lastly amended as per the recommendations of the Audit Committee meeting held on February 14, 2022 and approved by the Board of Directors at its meeting held on February 14, 2022.]

ANNEXURE 1

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

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

- Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

- Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

- Leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;

- Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

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