



VECTUS INDUSTRIES LIMITED

*Policy on Materiality of Related Party
Transactions and
Dealing with Related Party Transactions*

I. Purpose

This policy aims to determine the materiality of Related Party Transactions ('RPTs') and to deal with RPTs of *Vectus Industries Limited* (the 'Company').

This policy is framed in accordance with Section 177 and 188 of the Companies Act, 2013 (the 'Act') read with Rules made there under and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

II. Approvals and Review

- a) All RPTs including any modification/ renewal thereof shall require prior approval of the Audit Committee (the 'Committee').
- b) The Committee shall grant omnibus approval for RPTs proposed to be entered into by the Company, subject to the following conditions:

- (i) The proposed RPTs are repetitive in nature and the Committee is satisfied that such omnibus approval is in the interest of the Company;
- (ii) The Committee shall lay down the criteria for granting omnibus approval for RPTs which shall, *inter alia*, include the following:

- a. Maximum value of the transactions which can be allowed under the omnibus route and maximum value per transaction, in a financial year;
- b. Disclosures to be made to the Committee at the time of seeking omnibus approval;
- c. Review of RPTs entered into by the Company pursuant to the omnibus approval;
- d. Transactions which shall not be allowed under the omnibus approval route;
- e. Period of validity of omnibus approval which shall not exceed one financial year.

- (iii) The omnibus approval shall specify:

- (a) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
- (b) the indicative bases price/ current contracted price and the formula for variation in the price if any; and
- (c) such other conditions as the Committee may deem fit:

In cases where the need for the RPT cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1,00,00,000 per transaction.

- (iv) The Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
- (v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

- c) Every RPT which is 'Material' as defined in Para III of this Policy, shall require approval of the shareholders by way of ordinary resolution. All Related Parties shall abstain from voting on such resolution, irrespective of whether they are party to the particular transaction or not.
- d) All RPTs prescribed under Section 188 of the Act which are either not in the ordinary course of business or are not at arm's length basis, shall require prior approval of :
 - (i) Board ; and
 - (ii) Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. The concerned Related Party shall abstain from voting on the resolution.
- e) All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Committee. The Committee shall be informed whether the RPTs have been entered into in the ordinary course of business and on arm's length basis.

III. Material Related Party Transactions

Pursuant to the provisions of Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered 'Material' if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

IV. Transactions with Wholly Owned Subsidiaries

Provisions of Para II (c and d) of this Policy shall not be applicable to any transaction with a wholly owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval.

V. Disclosures

Particulars of RPTs shall be disclosed in such manner as may be prescribed under the Act (including rules made thereunder), from time to time.

- a) This Policy shall be disclosed on the Company's website www.vectus.in and a web link thereto shall be provided in the Annual Report of the Company.

VI. Review/Amendment

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act shall be binding even if not incorporated in this Policy.

This Policy was approved by the Board of Directors of the Company at its meeting held on May 18, 2018 as per the recommendation of the Audit Committee.