

Vimta Labs Limited

POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

The Board of Directors of Vimta Labs Limited (“Vimta” / “the Company”), has adopted Policy on Related Party Transactions (“RPT Policy” or “Policy”) for the Related Party Transactions (“RPTs”) based on recommendation of the Audit Committee pursuant to the provisions of Articles of Association of the Company, Section 188 and other applicable provisions of the Companies Act, 2013 (“the Act”) and Rules framed there under and as amended from time to time and the Clause 49 of the Listing Agreement (“Clause 49”) entered into by the Company with the Stock Exchanges as amended from time to time (collectively known as “Regulations”). The Audit Committee and / or Board of directors may review / amend this Policy from time to time.

2. PURPOSE

Related Party Transactions (“RPTs”) are appropriate if they are in the interest of the Company and its stakeholders. The purpose of the RPT Policy is to authorize, monitor, regulate and report contracts, arrangements and transactions between the Company and a related party.

This Policy lays down the process to be adopted by the Company for identifications of the related parties, approval of the RPT and any subsequent modification thereof. The policy also lays down the reporting requirements of RPTs.

The RPT Policy is prepared to comply with the Regulations. In the event, the provisions of the RPT Policy are inconsistent with the Regulations, the Regulations, as amended from time to time, will prevail over the RPT Policy.

3. SCOPE & APPLICABILITY

This Policy is applicable to all Related Party Transactions of the Company including changes, if any, in related parties from time to time.

4. DEFINITIONS

"Act" means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Arm's Length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm's Length basis, guidance may be taken from the transfer pricing provisions under the Income-tax Act.

"Audit Committee" means the committee of Board of Directors of the Company in accordance with Section 177 of the Act and Clause 49 of the Listing Agreement.

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"Board of Directors" or "Board" means the Board of Directors of the Company defined under Section 2(51) of the Act.

"Company" means Vimta Labs Limited.

"Chief Financial Officer (CFO)" means a person appointed as the Chief Financial Officer of the Company.

"Company Secretary (CS)" means a company Secretary as defined in Section 2(24) of the Act.

"Key Managerial Personnel" means the Key Managerial Personnel of the Company in terms of the Act.

"Listing Agreement" means Equity Listing Agreement of the Company with the stock exchange.

"Managing Director" means Managing Director as defined in Section 2(54) of the Act.

"Material Related Party Transaction" means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

"Ordinary Course of Business" means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time.

"Policy" means the current Policy on Related Party Transactions including amendments, if any from time to time.

"Related Party" means a related party as defined under the Act read with Clause 49 of the Listing Agreement and as amended from time to time.

"Related Party Transaction" means any transactions between the Company on one hand and one or more related party (ies) on the other hand any contract(s), arrangement(s) or transaction(s) as envisaged under section 188(1) of the Act and / or Clause 49 of the Listing Agreement, including any contract(s), arrangement(s) or transaction(s) which fall under any one or more of the heading as detailed hereunder:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;

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- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company.

"**Relative**" means a relative as defined under the Act.

"**Transaction**" with a Related Party shall be construed to include single transaction or a group of transactions in a contract or an arrangement.

"**Whole-time Director**" means Whole-time Director as defined in Section 2(94) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Agreement, Securities Contract (Regulation) Act, 1956 or any other applicable law or regulation, as the case may be.

5. THRESHOLD LIMITS

- **Board Level:**
 - Board has the power to approve all Related Party Transactions, which individually or taken together with previous transactions during a financial year, **not exceeding five percent of the annual turnover or twenty percent of the net worth of the Company** as per the last audited financial statements of the company, whichever is higher.
- **Share Holders:**
 - All **Material Related Party Transaction**, which individually or taken together with previous transactions during a financial year, **exceeding** five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

6. PROCEDURE OF IDENTIFICATION OF RPTs & RESPONSIBILITY

In pursuance of Section 184 of the Act, **each Director and Key Managerial Personnel is responsible for disclosure annually of their interest** in any company or companies or bodies corporate, firms or other association of individuals such as Directorship, Partnership, Membership, Shareholding, etc., and the details of their relatives.

They shall at the beginning of each financial year disclose such information as required under Section 184 of the Act, to the CS and any changes thereto during the financial year as immediately as practicable.

Any individual appointed / elected as a Director or Key Managerial Personnel shall be responsible to promptly submit to the CS necessary disclosures of his interest, if any under the provisions of the Act.

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Based on the disclosures made by the Directors and the Key Managerial Personnel, the CS & CFO shall be responsible for identifying the Related Party Transactions, if any with any Director(s) or with any other Key Managerial Personnel or with their relatives and to put up the transactions for approval of Audit Committee and the Board.

The CS & CFO shall also identify the potential Related Party Transactions, if any.

7. PROCEDURE FOR APPROVAL OF RPTs

- CS and CFO after identifying RPTs or any Potential RPTs, shall report such transactions to the Audit Committee for its review, approval and recommendations to the Board.
- In order to review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the Listing Agreement such as:
 - Nature of the transaction
 - Key terms (such as price and other commercial compensation contemplated under the agreement) of the proposed transaction, including value and quantum
 - Other non-commercial key covenants, if any
 - Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - Market analysis, research report, industry trends, business strategies, financial forecasts, etc.,
 - Third party comparables, valuation reports, price publications including stock exchange and commodity market quotations
 - Management assessment of pricing terms and business justification for the proposed transaction
 - Comparative analysis, if any, of other such transaction entered into by the company, etc.
- On receipt of the report and relevant details, the Audit Committee, whether at a meeting or by resolutions by circulation shall review the transactions and on satisfaction approve and recommend to the Board for its approval.
- The Audit Committee may grant prior omnibus approval with specific limits, as it may deem fit for Related Party Transactions which are repetitive in nature and are in the ordinary course of business which satisfies the Arm's Length basis, subject to the compliance of the Act and the conditions contained in Clause 49 of the Listing Agreement.
- Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

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- While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party, potential risks, if any., that may arise as a result of or in connection with the such Transaction and any other relevant matters.
- On satisfying with such Transaction the Audit Committee should place before the Board for its review and approval.
- Then the Board shall review the recommendations of the Audit Committee on the Transaction and after it gets satisfied with the terms, the Board to give its approval, with such modifications as it may deem necessary or appropriate.
- Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.
- **Material Related Party Transactions:**
 - On recommendations of the Audit Committee, The Board shall refer to the Shareholders for their approval through special resolution with respect to all Material Related Party Transactions in terms of the Act, Rules made there under and Clause 49 of the Listing Agreement. shall require approval of the shareholders.
 - No member of the Company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

8. RATIFICATION BY BOARD AND / OR SHAREHOLDERS OF THE COMPANY

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or shareholders pursuant to Section 188 of the Act and / or Clause 49 of the Listing Agreement and if it is not ratified by the Board and / or shareholders within three (3) months from the date of such contract or arrangement, such contract or arrangement shall be voidable at the option of the Board. If such contract or arrangement is with related party to director or is authorized by any director, the directors concerned shall indemnify against any loss incurred.

9. DISCLOSURES

Details of any Material Related Party Transactions shall be disclosed to the stock exchange quarterly along with the compliance report on corporate governance.

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The Company shall disclose the Policy on its website and web-link shall be provided in the Annual Report.

10. TRANSACTION NOT APPROVED UNDER THE POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review / approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

11. COMPLIANCE WITH POLICY

- Every person associated with RPT shall be accountable for complying with this RPT Policy that may be in force from time to time.

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- Director or Key Managerial Personnel or any other employee, who had entered into or authorized the contract or arrangement in violation of the RPT Policy shall be guilty of non-compliance.
- In case of breach of this Policy, Audit Committee and / or Board of Directors may initiate appropriate action against the person(s) responsible.
- A person shall not be eligible for appointment as a Director of a Company if he has been convicted of an offence under Section 188 of the Act in respect of RPT at any time during the preceding five years.

12. ADMINISTRATIVE POWERS

Subject to the superintendence of the Board, this Policy shall be interpreted and administered by the Audit Committee.

The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking appropriate actions / steps for prevention or remedy of any breach and / or defaults in complying with this Policy. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions of the Regulations.

13. AMENDMENT IN LAW

Any subsequent amendment/ modification in the Listing Agreement and/or applicable laws in this regard shall automatically apply to this Policy.