

## **POLICY FOR RELATED PARTY TRANSACTIONS**

### **1.INTRODUCTION**

As per the requirements of Clause 49(VII)(C) of the Listing Agreement, the Board of Directors of the Company adopted the “Policy for Related Party Transactions the said policy has been amended to align as per the requirements of the Listing Regulations.

### **OBJECTIVE OF THE POLICY**

2.1. The objective of Related Party Transactions Policy (Policy) is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties as prescribed under Listing Regulations.

### **DEFINATIONS**

- i. “**Act**” means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- ii. “**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, 1961.
- iii. “**Audit Committee**” means committee of Board of Directors of the Company.
- iv. “**Board of Directors**” or “**Board**” means the Board of Directors of the Company
- v. “**Company**” Indra Industries Limited
- vi. “**Key Managerial Personnel**” means the Key Managerial Personnel of the Company in terms of the Act.
- vii. “**Material modification**” to a Related Party Transaction shall mean and include any modification in the existing transaction which result in change in the parties of the transaction; or change in value of the transaction by more than 20% of the original approved value; or any other modification, which the Audit Committee may, at its sole discretion, declare as ‘Material modification

**Materiality**”: A transaction with a related party is considered material if the transaction/transactions to be entered into, either individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

- ix. “**Policy**” means the current Policy on Related Party Transactions, including amendments, if any, from time to time.

- x. **“Related Party”** with reference to the Company means and shall have the same meaning as defined under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards.
- xi. **“Related Party Transaction”** with reference to the Company means any contract or arrangement with a related party as referred under Section 188 of the Companies Act, 2013 or defined under Regulation 2 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xii. **“Relative”** means a relative as defined under the Act.
- xiii. **“Transaction”** with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

## **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

### **4.1. Identification of related parties**

The Company shall identify Related Parties as per the definition provided in the Listing Regulations, as amended from time to time. The Company shall regularly verify and update the Related Party list and review and confirm (at least once a quarter) in accordance with the applicable laws as prevalent.

### **4.2. Procedure for approval of related party transactions**

#### **A. Approval of the Audit Committee**

All Related Party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- i. The Audit Committee shall after obtaining approval of the Board lay down the criteria and Guidelines for granting the omnibus approval in line with the Policy includes the following and such approval shall be applicable in respect of repetitive transactions;
  - a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
  - b) the maximum value per transaction which can be allowed;
  - c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each of the omnibus approval made;
  - e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- ii. The Audit Committee shall assure itself of the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. The omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction and maximum value per transactions with can be allowed, (ii) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%) and (iii) such other conditions as the Audit Committee may deem fit.

However, in case need for Related Party transactions cannot be foreseen and aforesaid details are not available, management is permitted by the Audit Committee to enter into transactions provided the value of the group of identical transactions does not exceed Rs. 1 crore per quarter;

iv. The Audit Committee will state the extent and manner of disclosures to be made

v. The Audit 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;

vi. Such omnibus approval shall be valid for 1 year and shall require fresh approvals after the expiry of one year”

While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee/Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm’s length or not:

i) Nature of the transaction i.e. details of goods or property to be acquired/transferred or services to be rendered/availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;

ii) Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;

iii) Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction;

iv) Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;

v) 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.

#### B. Approval of the Board of Directors and Shareholders of the Company (as may be required)

The Company ensures that all transactions in the ordinary course of business with related party(ies) are on an Arm’s length applying the principals of governance and good practice and related control. In the event such contracts or arrangement is not in the ordinary course of business or on arm’s length basis, the Company shall comply with the provisions of the Companies Act, 2013 and the rules framed thereunder and obtain approval of the Board or its Shareholders, as applicable, for such contracts or arrangement.

All Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and the Related Parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

#### **DISCLOSURE AND REPORTING**

5.1. Details of Related Party Transactions during each quarter shall be reported in the Audit Committee Meeting.

5.2. The Company shall report to the Stock Exchange along with the compliance report on corporate governance on a quarterly basis, details of all material transactions with related parties.

5.3. Director's report shall contain details of Related Party Transactions as required under applicable law/regulations.

5.4. This Policy shall be communicated to all concerned employees and other persons of the Company at all locations for implementation and reporting.