



## INDSIL HYDRO POWER AND MANGANESE LIMITED

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### Related Party Transaction Policy

#### 1. Preamble

The Board of Directors (the "Board") of Indsil Hydro Power and Manganese Limited (the "Company"), acting upon the recommendation of its Board of Directors and Audit Committee (the "Committee"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Committee will review and may amend this policy from time to time.

#### 2. Objective

The Company has formulated this policy to determine the materiality of related party transactions and to lay down the procedure for dealing with the related party transactions. This policy is to regulate the transactions between the Company and its Related Parties as per the laws and regulations applicable to the Company.

#### 3. Definitions

- a. **"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.
- b. **"Audit Committee"** means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under the provisions of the Listing regulations and the Companies Act, 2013.
- c. **"Board of Directors" or "Board"**, in relation to a Company, means the collective body of the Directors of the Company;
- d. **"Control"** shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;
- e. **"Director"** means a Director appointed to the Board of a Company;
- f. **"Key Managerial Personnel"** shall have the meaning assigned to it under sub-section (51) of Section 2 of the Companies Act, 2013;
- g. **"Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof.

- h. **“Material Related party transaction”** means a ‘Material related party transaction under Companies Act’ or ‘Material related party transaction under Listing regulations’ as defined herein
- i. **“Material Related party transaction under Listing regulations”** means;
  - i. the transaction / transactions with a related party, to be entered into individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
  - ii. the transaction involving payments made to a related party with respect to brand usage or royalty, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- i. **“Material Related party transaction under Companies Act”** means the transaction / transactions with the related party, to be entered into individually or taken together with previous transactions during the financial year, -
  - A. As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 of the Companies Act 2013, falling under one or more of the criteria mentioned below:
    - a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to ten per cent or more of the turnover of the Company or Rupees One Hundred Crores, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
    - b) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten per cent or more of net worth of the Company or Rupees One Hundred Crores, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
    - c) Leasing of property of any kind amounting to ten per cent or more of the net worth of the Company or ten percent or more of turnover of the Company or Rupees One Hundred Crores, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
    - d) Availing or rendering of any services, directly or through appointment of agent, amounting to ten per cent or more of the turnover of the Company or Rupees Fifty Crores, whichever is lower, as mentioned in clause (d) and clause (e) respectively of subsection (1) of section 188:
  - B. Is for appointment to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration exceeding Rupees Two and Half Lakhs as mentioned in clause (f) of sub-section (1) of section 188: or

C. Is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one per cent, of the net worth as mentioned in clause (g) of sub section (1) of section 188.

Explanation: The Turnover or Net Worth referred in the above definition shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

j. **“Related Party Transaction”** means a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Provided that a “transaction” with a related party shall be construed to include a single transaction of a group of transactions in a contract.

k. **“Related party”** means a related party as defined under sub-section (76) of Section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

l. **“Relative”** means relative as defined under sub-section (77) of Section 2 of the Companies Act, 2013 and rules prescribed there under.

m. **“Policy”** means this Related Party Transactions Policy.

#### **4. Policy**

##### **4.1 Identification of Potential Related Party Transactions**

Each Director and Key Managerial Personnel (KMP) is responsible for providing notice to the Board or the Audit Committee of the list of related parties. This list of related parties shall be updated on an annual basis and further changes informed as and when such change occurs.

Each Director as well as KMP shall inform in advance to the Company of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

##### **4.2 Approval**

###### **Overall framework of Approval for Related Party Transactions**

###### **Level 1 - Audit committee Approval**

All Related Party Transactions shall be referred to Audit Committee for prior approval

###### **Omnibus Approval**

The Audit Committee shall take into account following considerations while granting omnibus approval for Related Party Transactions, of repetitive nature:

- Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of Listing Regulations (as amended) after approval of the Board;
- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year;
- Maximum value per transaction which can be allowed;
- Indicative base price/ current contracted price and the formula for variation in the price, if any
- Method and manner of determining the pricing and other commercial terms;
- Justification for need of omnibus approval;
- Whether the transaction is at arm's length and in ordinary course of business; and
- Any other information relevant or important to take a decision on the proposed transaction.

The Audit Committee shall grant such omnibus approval every financial year for the related party transactions. Further, the Committee may also grant omnibus approval for the related party transactions of unforeseen nature not exceeding Rupees One Crore.

Such omnibus approval shall be valid for a period not exceeding one year.

The Audit Committee shall review on a quarterly basis the details of related party transactions entered into by the Company pursuant to omnibus approval.

#### **THRESHOLD LIMITS FOR DEALING WITH RELATED PARTY TRANSACTIONS**

| Sl. No. | Nature of transaction with a related party   | Threshold limit till which related party transaction can be carried out with Board approval | Threshold limit till which related party transaction can be carried out with shareholders approval (*) |
|---------|--|---|--|
| a       | Sale, purchase or supply of any goods or materials, directly or through appointment of agent                 | Upto 10% of the turnover or Rs. 100.00 crores, whichever is lower                           | No upper limit   |
| b       | Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent | Upto 10% of net worth or Rs.100 cores, whichever is lower                                   | No upper limit   |
| c       | Leasing of property of any kind  | Upto 10% of the turnover or 10% of net worth or Rs. 100 crores, whichever is lower          | No upper limit   |
| d       | Availing or rendering of any services  | Upto 10% of the turnover or Rs.50 cores, whichever is lower                                 | No upper limit   |
| e       | Appointment of any agent for purchase or sale of goods, materials, services or property                      | Upto 10% of the turnover or Rs.50 cores, whichever is lower                                 | No upper limit   |

|   |  |   |                |
|---|--|---|----------------|
| f | Related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company | Monthly remuneration upto Rs.2.50 lakhs | No upper limit |
| g | Underwriting the subscription of any securities or derivatives thereof of the Company                                    | Upto 1% of the net worth                | No upper limit |

(\*) Shareholders reserve the right to which transaction with a respective financial year, in the event whereof threshold limit for the purpose of this policy. specify maximum permissible limit upto related party may be carried out in a such permissible limit will be reckoned as threshold limit for the purpose of this policy.

**NOTE:**

1.Threshold limit shall be determined by the Board of Directors from time to time of necessary statutory formalities.

2. 'Net worth 'or ' Consolidated Turnover', ' Turnover' wherever specified shall refer to the respective figures as per the latest audited financial statement.

**Level 2 - Board Approval**

All material related party transactions and transactions with related parties falling under the purview of Section 188 of the Companies Act, 2013 shall be considered and approved by the Board.

Provided that nothing contained herein shall restrict the Board from considering and approving related party transactions not specified above.

**Level 3 - Shareholder's Approval**

- i. All Material Related Party Transactions shall require approval of the shareholders through a resolution and no related party shall vote to approve such transactions. However, such approval is not required for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- ii. All Material Related Party Transaction under the Listing Regulations, with the related parties which are not in the Ordinary Course of Business and at Arms' Length Basis shall also require the approval of the shareholders through a resolution and no related party shall vote to approve such transactions.

The following Related Party Transactions shall not require approval of Audit Committee or Board or Shareholders:

- i. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. 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.

#### **4.3 Procedures for Review and Approval of Related Party Transactions**

- i. Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation.
- ii. To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.
- iii. If the Committee determines a transaction as a Related Party Transaction then it is taken to the Board, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- iv. If prior approval of the Audit Committee / Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.
- v. No Director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- vi. The Audit Committee shall review at least on a quarterly basis, the details of Related Party Transactions entered into by the Company.

#### **4.4 Identification of Potential Related Party Transactions**

- i. Each Director/Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him / her or his / her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- ii. Every Director/ Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- iii. Where any Director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.
- iv. A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- v. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto

and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

#### **4.5 Related Party Transactions When Not Approved Under This Policy**

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.

The Audit Committee shall consider all 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 Related Party 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 shall take any such action it deems appropriate.

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, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy subject to the compliance of statutory requirements.

The Audit Committee shall place its recommendations in this regard to the Board for its approval.

Where any contract or arrangement is entered into by a Director or Key Managerial Personnel or officer of the Company, without obtaining the approval of the Audit Committee or Board as required above and if it is not ratified by the Board within three months from the date on which such contract or arrangement was entered, shall be dealt as per Section 177 & 188 of the Companies Act.

#### **4.6 Amendment to the Policy**

The Board on its own and/or on the recommendations of the Audit Committee can amend this policy, as and it deems fit.

This policy shall be reviewed by the Board of Directors at least one every 3 years and shall be updated accordingly.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the competent authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail and this policy shall stand amended accordingly without any further action, from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

#### **4.7 Disclosure**

1. This Policy will be communicated to all the operational employees and other concerned persons of the Company.
2. The Company shall within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclose the related party transactions on a consolidated basis to the Stock Exchanges and publish the same on the website of the Company.
3. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
4. Every contract or arrangement entered with the Related Party, covered under Section 188(1) of the Companies Act, 2013 shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
5. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
6. The Company shall disclose the name of the related party, the nature of relationship, the transaction details and such other details as required under Accounting Standard-18, in the Annual Report.
7. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.