

INDUSTRIAL AND PRUDENTIAL INVESTMENT COMPANY LIMITED

CIN: L65990WB1913PLC218486

Policy on Related Party Transactions

1. OBJECTIVE

The objective of this policy is to comply with Regulation 23 of Chapter V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. (LODR).

As per the Regulations 23 of LODR (Listing Regulations) the Company is required to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

This Policy also aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made thereunder, and Indian Accounting Standard (IND AS) 24.

One of the key functions of the Board of Directors, **as laid down in LODR** is Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

This policy is framed in the light of above regulations.

2. DEFINITIONS

- a. **“Act”** means the Companies Act, 2013 as amended from time to time.
- b. **“Arms’ Length Transaction”** shall mean:
 - i. a transaction between the Company and the Related Party that is conducted as if they were unrelated, so that there is no conflict of interest; and
 - ii. the price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income- tax Act, 1961.
- c. **“Board”** means the Board of Directors of the Company.
- d. **“Company”** means Industrial & Prudential Investment Company Limited
- e. **“Key Managerial Personnel”** shall mean
 - 1. the Chief Executive Officer or the managing director or the manager;
 - 2. the company secretary;
 - 3. the whole-time director;
 - 4. the Chief Financial Officer;
 - 5. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - 6. such other officer as may be prescribed.
- f. **“Listing Regulations”** means the Securities Exchange Board of India {Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes other regulations, guidelines, circulars, orders and rules issued by SEBI/BSE to the listed companies.
- g. **“Policy”** means this policy, as amended from time to time.

- h. “Promoter and Promoter Group”** shall have the same meaning as assigned to them respectively regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- i. “related party”** means a related party as defined under section 2(76) of the Act or under the applicable accounting standards.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party:]

- j. “related party transaction” as per LODR** means a transaction involving a transfer of resources, services or obligations between:

- (a) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (b) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- (i) 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;

(ii) the following corporate actions by the listed entity 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

k. "related party transactions" read with para (j) shall also include transactions mentioned under section 188 and rules made thereunder.

l. "relative" means relative as defined under section 2 (77) of the Companies Act, 2013 and rules prescribed there under

m. "SEBI" means the Securities and Exchange Board of India.

n. "Rules" means the rules made under the Companies Act, 2013.

o. "Stock Exchange(s)" means BSE Limited where the equity shares of the Company are listed

3. ORDINARY COURSE OF BUSINESS

Ordinary Course of Business shall mean the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

4. POLICY

The Board of Directors has framed this policy based on the Listing Regulations and the Act. The same is approved at its meeting held on 12th August, 2022.

The main features of the policy are as follows

The policy is applicable to material related party transactions. It means a transaction to be entered into with and between Related Parties, individually or taken together with previous transactions during a financial year, exceeding the threshold of:

- 5% of the annual consolidated turnover of the Company as per its last audited financial statements, in case of transactions involving payments made with respect to brand usage or royalty, or
- Rs. 1000 Crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower, in case of any other transaction(s).

Identification of Related Parties

The Company may seek requisite disclosures and information, as may be deemed necessary, to identify a Related Party.

Review and Approval of Related Party Transactions

1. Approval Independent of Directors of Members of Audit Committee is required. Approval is to be granted at a meeting or circular resolution.
2. All the relevant information/documents relating to the proposed Related Party Transaction(s) shall be placed before the Audit Committee to take a decision on the proposed Related Party transactions.
3. The Audit Committee may appoint an expert preferably a Chartered Accountant conversant with and having relevant experience in the area of Transfer Pricing Regulations as a Related Party Transaction

Auditor (RPT Auditor) who shall peruse and review all the transactions and provide a report whether the Related Party Transactions are in the ordinary course of business and on an arms' length basis.

4. Wherever necessary, the Audit Committee may, after examining all the documents and the Report of the RPT Auditor, if any, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company with conditions, if any.
5. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.
6. In addition to the above, prior approval of Audit Committee of the Company shall be required for a Related Party Transaction where the subsidiary(ies) of a company is a party but the Company is not a party and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company (w.e.f April 1, 2023, 10% of the annual standalone turnover, as per the last audited financial statements of such Subsidiary).
7. The Audit Committee shall consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.
8. All related party transactions and subsequent material modifications] shall require prior approval of the audit committee of the listed entity.

APPROVAL OF THE BOARD

1. The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:
 - a. Transactions not at arm's length.
 - b. Transactions not in ordinary course of business.
 - c. Material Related Party transactions as specified above
2. The Board of Directors shall consider the information/documents pertaining to the Related Party Transactions as placed before the audit committee.
3. The Board shall either approve or reject the same on merit.
4. Interested director shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Related Party Transaction.

Approval by the Shareholders

The following Related Party Transactions, after the approval of Board, shall also be placed before the shareholders for their prior approval

- a. All Material Related Party transactions and subsequent material modifications thereto.
- b. All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders.

Clause (a) and (b) shall not be applicable in case of 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.

The Board of Directors shall, decide whether the approval of the Related Party Transactions by the shareholders shall be sought at the General Meeting or through Postal Ballot in accordance with the Act and Rules thereunder.

In case of all the material Related Party Transactions requiring approval of the shareholders through resolution, no Related Party shall vote to approve such resolutions whether the entity is a Related party to the particular transaction or not.

Ratification of Related Party Transactions in exceptional cases

Any Related Party Transaction which is not under omnibus approval, entered into by the Company with a Related Party, without obtaining the consent of Audit Committee or the Board of Directors or approval of shareholders in General Meeting, may in genuine cases be ratified by the Audit Committee or the Board of Directors or the shareholders at a General Meeting, as permitted under the applicable laws, provided that such Director or any other employee who had authorised such transactions agrees to indemnify the Company against loss incurred by the Company, if any.

Disclosure

- a. The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.

- b. Disclosures as appropriate concerning the Related Party Transactions and/or Material Related Party Transactions shall be made in the Annual Report of the Company including its Financial Statements, on the website of the Company and also to the Stock Exchanges where equity shares of the Company are listed and to such other authority as may be prescribed from time to time.

AMENDMENTS

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

SCOPE AND LIMITATIONS

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments or rules, the provisions of Listing Regulations/Act or statutory enactments or rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.