

INDAG RUBBER LIMITED

(CIN-L74899DL1978PLC009038)

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION AND ON DEALING WITH RELATED PARTY TRANSACTION

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1. Introduction

- 1.1 Pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated this policy on materiality of related party transactions and on dealing with related party transactions.
- 1.2 The Board may review and amend this policy from time to time.
- 1.3 The Audit Committee (the “Committee”) will review, modify and approve the related party transaction to be entered by the Company.

2. Purpose

- 2.1 This Policy is intended to ensure that proper approval and reporting of transactions between the Company and the related parties have been made.

3. Definitions as per the Companies Act, 2013

3.1 Related Party with reference to a Company means:

- a) Director or his relative;
- b) Key Managerial Personnel or his relative;
- c) firm, in which a director, manager or his relative is a partner;
- d) private company in which a director or manager is a member or director;
- e) public company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital;
- f) any body corporate whose Board of Directors, Managing Director, or manager is accustomed to act in accordance with the advice, director or instructions of a director or manager (except where provided in professional capacity);
- g) any person under whose advice, directions or instructions (except where provided in professional capacity) a director or manager is accustomed to act;
- h) any company which is –
 - a. a holding, subsidiary or an associate company of such company; or
 - b. a subsidiary of a holding company to which it is also a subsidiary
- i) such other persons as may be prescribed by the rules

3.2 Relative, with reference to any person, means anyone who is related to another, if

- they are husband and wife; or
- one person is related to other in the following manner:
 - Father (including step-father)
 - Mother (including step-mother)
 - Son (including step-son)
 - Son’s wife
 - Daughter

- Daughter's husband
- Brother (including step-brother)
- Sister (including step-sister)

4. Review and Approval of Related Party transaction

AUDIT COMMITTEE APPROVAL

4.1 All related party transactions shall require prior approval of the Audit Committee unless omnibus approval has been granted by the Audit Committee, as per clause 4.4 here under.

4.2 The Committee will consider the following factors-

- a) whether the transaction is in ordinary course of business and
- b) whether the transaction is on arm's length basis.

Arms 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.

BOARD OF DIRECTORS APPROVAL

4.3 In case the related party transaction is not at arms' length, the same would be approved by the Board on the recommendation of Audit Committee. The agenda shall disclose the following:

- a) the name of the related party and nature of relationship,
- b) the nature, duration of the contract and particulars of the contract or arrangement,
- c) the material terms of the contract or arrangement including the value, if any,
- d) any advance paid or received for the contract or arrangement, if any,
- e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract,
- f) whether all factors relevant to the contract have been considered , if not, the details of factors not considered with the rationale for not considering those factors, and
- g) any other information relevant or important for the Board to take a decision on the proposed transaction.

OMNIBUS APPROVAL

4.4 Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the

company and such approval shall be applicable in respect of transactions which are repetitive in nature.

- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year

MATERIAL RELATED PARTY TRANSACTION

- 4.5 A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, as has been prescribed under Listing Obligations or Companies Act, 2013 as amended from time to time.

SHAREHOLDER'S APPROVAL

- 4.6 Limit for prior approval of related party transactions by the Members of the Company by a special resolution shall be as prescribed under the Companies (Meeting of Board and its Power) Rules, 2014, as amended from time to time.
- 4.7 If a related party transaction is
- (i) A material transaction as per Regulation 23 of the Listing Obligations or;

(ii) not in the ordinary course of business, or not at arms length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders approval.

4.8 Related parties shall abstain from voting on such resolution whether entity is a related party to the particular transaction or not.