

INDAG RUBBER LIMITED

(CIN-L74899DL1978PLC009038)

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

*(to be updated w.e.f. April 01, 2022;
Previous update done on April 20, 2019))*

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION AND ON DEALING WITH RELATED PARTY TRANSACTION (“RPT POLICY”)

1. INTRODUCTION

- 1.1 Pursuant to the provisions of Section 188 of the Companies Act 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended from time to time), the Company has formulated this policy, which applies to transactions between the Company and one or more of its Related Party(ies) as defined hereinbelow. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.
- 1.2 The Board shall review this policy at least once every three years and update accordingly.
- 1.3 The Audit Committee (the “Committee”) will review, modify and approve the related party transaction to be entered by the Company, and give their recommendations to the Board.
- 1.4 Any changes in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

2. PURPOSE

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

The term **Related Party and Related Party Transactions (RPT)** and **Relative** will carry the meaning as stated under the Companies Act, 2013 read with Rules made thereunder and further read with SEBI Listing Regulations.

Material Related Party Transaction means a Related Party Transaction which individually or taken together with previous transactions during the accounting year, exceeds Rs 1,000 crores or ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the

transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

I. APPROVAL BY AUDIT COMMITTEE

1. The Company shall not enter into any transaction/contract/ arrangement or any subsequent material modification thereof with a Related Party without the prior approval of the Audit Committee unless the transaction /contract/ arrangement / modification enjoys any exemption as provided under the Companies Act, 2013 or Rules made thereunder or under the SEBI Listing Regulations.
2. The Audit Committee may grant omnibus approval for Related Party Transaction proposed to be entered into by the company, subject to the conditions as stated under Regulation 23(3) SEBI Listing Regulations.
3. A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds such limits as provided under the Companies Act, 2013 or Rules made thereunder or under the SEBI Listing Regulations.
4. In the event any contract or arrangement with a related party is not in the ordinary course of business or not at arm's length, 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 transaction/ contract /arrangement / modification.
5. Material modification will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

II. APPROVAL BY BOARD OF DIRECTORS

All transactions with Related Parties which are in the Ordinary Course of business other than transactions which are not at arm's length basis shall require approval of Board of Directors.

In the above context, where any Director is interested in any contract or arrangement with a Related Party such Director shall not be present during the discussion and vote on the subject matter of the resolution relating to such contract or arrangement.

III. PRIOR APPROVAL BY SHAREHOLDERS

All Material Related Party Transactions and any subsequent material modification as defined earlier shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. However, prior approval of shareholders of the Company shall not be required for such cases as may be prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended or as notified by any regulatory authority.

The explanatory statement for this purpose of such resolution should contain the particulars as stated under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

IV. THRESHOLD LIMITS FOR DEALING WITH RELATED PARTY TRANSACTIONS shall be as prescribed under Companies Act, 2013 and / or the Listing Regulations (as amended from time to time).

V. RATIFICATION OF CONTRACT OR ARRANGEMENT

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.