

**INDO BORAX & CHEMICALS LTD**  
**RELATED PARTY TRANSACTIONS POLICY**

**PREAMBLE:**

Indo Borax & Chemicals Limited (“the Company”) is incorporated in 1980. Company is in the business of manufacturing boron products (Boric Acid/Borax). The manufacturing base is at Pithampur, Indore, Madhya Pradesh. The Company has good corporate governance and internal control system.

The Board of Directors (“the Board”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of the stakeholders, the Board of the Company, acting upon recommendation of its Audit Committee (the Committee), has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

**PURPOSE:**

As per revised Clause 49(VII) of the Listing Agreement, a policy need to be formulated to deal with Related Party Transactions. The policy is not only to be in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013. This policy has been adopted by the Board of Directors based on the recommendation of the Audit Committee. The Audit committee would review and amend the policy as and when required, subject to approval of the board.

**DEFINITIONS:**

“Act” means the Companies Act, 2013.

“Arm’s length transactions” means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Listing Agreement” means Equity Listing Agreement entered by the Company with BSE Ltd.

“Material Related Party Transactions” would mean related party transactions as defined under the proviso to sub-clause (C) of Clause 49(VII) and contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rule, 2014 requiring shareholders’ approval.

“Related Party” is a party as defined in sub-section (76) of Section 2 of the Act and sub-clause (B) of Clause 49(VII) of the Listing Agreement.

“Related Party Transactions” or “RPT” means transactions as given under clause (a) to (g) of sub-section (1) of Section 188 and as defined in sub-clause (A) of Clause 49(VII) of the Listing Agreement. These include sale, purchase, leasing or supply of goods or property, availing / rendering of any services, appointment of agents for any of the above, underwriting of securities, transfer of resources, services or obligations between a company and a related party regardless of whether price is charged.

“Key Managerial Person” means

- (a) The Chief Executive Director or Managing Director;
- (b) The Company Secretary;

- (c) The Chief Financial Officer; and
- (d) Any other person appointed as the KMP by the Board of Directors of the Company,

“Board of Directors or Board” means collective body of Board of Directors of the Company.

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the company in accordance with 177 of the Act and clause 49.

“Chief Financial Officer” (CFO) means a person of the Company as defined in Section 2(19) of the Act.

“Company Secretary” (CS) means a person of the Company as defined in Section 2(24) of the Act.

“Managing Director” means Managing Director as defined in section 2(54) of the Act.

“Whole Time Director” means Whole Time Director mean as defined in Section 2(94) of the Act.

“Transaction” shall be construed to single transaction or group of transactions in contact.

#### **MATERIALITY THRESHOLD:**

Clause 49 of the Listing Agreement requires a company to provide materiality thresholds for transactions beyond which the shareholder’s approval will be required by way of special resolution. IBCL has fixed its materiality threshold at 10% of the Annual Consolidated turnover of the company as per the last audited financial statements of the company for the purpose of Clause 49(VII) (C) of the Listing Agreement.

#### **POLICY:**

All Related Party Transactions should be referred to the Audit Committee of the Company for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent modification of Related Party Transactions. The Audit Committee shall consider the following while determining approval to an RPT:

- i. Nature of relationship with related party;
- ii. Nature, material terms, monetary values and particulars of contract or arrangement;
- iii. Method and manner of determining the pricing and other commercial terms;
- iv. Whether the transaction is at arm’s length; and
- v. Any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.

Audit Committee may also grant omnibus approval for RPT proposed to be entered into by the Company subject to fulfillment of the following Conditions;

- a) The Audit Committee shall lay down the criteria for granting omnibus approval 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) name/s of the related party, nature of transaction, period of transactions, maximum amount of transactions that can be entered into, (ii) 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.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

Audit Committee shall review on quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period of not exceeding one year and shall require fresh approvals after expiry of one year.

No Prior approval of Audi Committee is required to be obtained by the Company, if the RPT is proposed to enter into with its wholly owned subsidiary.

Any changes in the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee and the Board. The Audit Committee/Board will give suitable directions/ guidelines to implement the same.

#### **APPROVAL OF TRANSACTIONS:**

The Audit Committee, on the recommendation of the management, will approve certain transactions with related parties which would occur on regular basis or at regular intervals. The Audit Committee shall at the end of each year appraise the position of the approved transactions to ensure that all necessary requirements are being complied with.

It has been decided that all RPTs in the normal course of business would be undertaken at arm's length price.

The board will approve all RPT which are not at arm's length and/or which are not in the ordinary course of business.

#### **APPROVAL OF TRANSACATIONS - SHAREHOLDERS APPROVAL:**

All material related party transactions would require approval of the shareholders, based on recommendation of the Board, through special resolution passed at general meeting. However, approval of the shareholders would not be required to be obtained by the Company for such Material RPT as defined under the proviso to sub-clause (C) of Clause 49 (VII) of the Listing Agreement, proposed to be entered into with its wholly owned subsidiary.

None of the parties concerned or having interest in the transactions, directly or indirectly, should vote on resolution for such transaction.

#### **DISCLOSURE:**

Appropriate disclosures as required under the Act and the Listing Agreement will be made in the Financial Statements and Board Reports.

#### **APPLICABILITY:**

In the event of any provisions contained in this Policy is inconsistent with the provisions contained in Clause 49 of the Listing Agreement, Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), Provisions contained in the Regulatory Act will prevail.