

Policy on Related Party Transactions

Purpose

As per the requirements of revised Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges and also to comply with the provisions of Section 188 of the Companies Act, 2013, the Board of Directors of IVRCL Limited (hereafter referred as “the Company”), has adopted this Policy to ensure proper approval and reporting of transactions between the Company and its Related Parties.

Title

The Policy is referred to as “Policy on Related Party Transactions”

Definitions

1. “Act” means the Companies Act, 2013 including the rules, clarifications and guidelines, circulars issued by the Ministry of Corporate Affairs from time to time.
2. “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.
3. “Audit Committee or Committee” shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and Listing Agreement.
4. “Board” refers to Board of Directors of IVRCL Limited.
5. “Company” means IVRCL Limited.
6. “Material Related Party Transaction” means a transaction with a related party where any transaction 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.
7. “Related Party” shall have the meaning ascribed to it in Clause 49 of the Listing Agreement and the Act, including all amendments and modifications thereof from time to time.
8. “Related Party Transaction” means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Words, terms and expressions used and not defined in this Policy, Listing Agreement but defined in the Act shall have the same meaning respectively assigned to them in the Act.

Review and Approval of Related Party Transactions

The Related Party Transactions are governed by the provisions of both Listing Agreement and the Act. As there are differences in triggering limits for obtaining approval of members of the Company, under both the statutes, the Company is required to comply with the requirements as prescribed under both the statutes.

The Company has to adopt the process as given below, while transacting with the Related Parties, to ensure the compliance of the applicable statutes.

1. All Related Party Transactions shall be placed before the Audit Committee for its approval, except those for which an omnibus approval has been granted, as detailed hereunder. Any member of the Committee who has potential interest in any related party transaction, shall abstain from discussion and voting on the approval of the said transaction.
2. The Committee shall be provided with the relevant information pertaining the related party transaction(s) to review and approve the said transactions.
3. If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting.
4. All Material Related Party Transactions shall require approval of members of the Company by way of special resolution and the related members may abstain from voting on such resolution.
5. Transaction(s) with related parties with respect to certain matters as specified under Section 188(1) of the Act, which are not in ordinary course of business and at arm's length basis, are required to be placed before the Board of Directors of the Company for its approval besides approval of the Committee. If such transactions exceed the monetary limits as prescribed under the Act and the Rules made thereunder, then prior approval of the members of the company shall also be required.
6. Audit Committee and Member's approval shall not be required for transactions which are entered into between holding company and its wholly owned subsidiary whose accounts are consolidated and placed before the General Meeting for approval.
7. All the Related Party Transactions other than Material Related Party Transactions which are in the ordinary course of business and at arm's length basis, shall require neither the Board nor the Members approval.

Omnibus Approval

1. Audit Committee can grant omnibus approval for those related party transactions which are repetitive in nature.
2. The Audit Committee shall lay down the criteria for granting the omnibus approval. 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 condition as the Audit Committee may deem fit.

3. Such approval shall be valid for 1 year and fresh approval shall be required after the expiry of one year.
4. For those transactions which cannot be foreseen, Audit Committee can also grant omnibus approval subject to their value not exceeding Rs. 1 crore per transaction.
5. On quarterly basis the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given shall be placed before the Committee for its review.

Related Party Transactions 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 Committee. The Committee shall consider all of 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 Committee may examine the facts and circumstances of the case and take any such action it deems appropriate. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

Disclosures

1. The Company is required to disclose the details of all material transactions with related parties on a quarterly basis along with the compliance report on corporate governance.
2. The Company is also required to disclose this policy on its website and also in the Annual Report (by way of a web link).

Amendments in Law

Any subsequent amendment or modification in the Listing Agreement and the Companies Act, 2013 and/or other applicable laws in this regard shall automatically apply to this policy.