



**INDIA POWER CORPORATION LIMITED**

**CIN: L40105WB1919PLC003263**

**RELATED PARTY TRANSACTIONS POLICY**

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## **RELATED PARTY TRANSACTIONS POLICY**

In terms of Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (hereinafter referred to as the “Listing Regulations”), India Power Corporation Limited (hereinafter referred to as the “Company”) is required to formulate a policy on materiality of related party transactions and dealing with related party transactions.

The Board of Directors of the Company (hereinafter referred to as the “Board”) has formulated and adopted a Policy on Related Party Transactions (hereinafter referred to as the “Policy”) in terms of the aforesaid provisions.

### **APPLICABILITY OF THE POLICY**

The Policy shall apply to all Related Party Transaction(s) entered into by the Company with its Related Party.

“Related Party Transaction” shall mean any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company and a related party, regardless of whether or not a price is charged, either single or a group of transactions in a contract,

### **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

#### **➤ Identification of Related Party**

Every Director and Key Managerial Personnel of the Company shall be responsible for providing a list of his/her Related Parties as defined under Section 2(76) of the Companies Act, 2013 to the Company Secretary of the Company on an annual basis.

Every Director and the Key Managerial Personnel shall be responsible to update to the Company Secretary of any change(s) in the above list immediately on him/her becoming aware of such change(s).

The list of Related Parties of every Director and Key Managerial Personnel is attached to this Policy as **Annexure I and Annexure II** respectively.

#### **➤ Identification of Related Party Transaction(s)**

The Chief Financial Officer of the Company shall be responsible to determine whether a transaction would constitute a Related Party Transaction in terms of the provisions of the Companies Act, 2013, the Listing Regulations and applicable Accounting Standards and shall seek necessary approval(s) prior to entering into the Related Party Transaction in terms of the Policy.

#### **➤ Approval and Review of Related Party Transaction(s)**

##### **Audit Committee Approval**

1. All Related Party Transaction(s) shall require prior approval of the Audit Committee of the Company whether at a Meeting of the Audit Committee or by Resolution by Circulation.

The aforesaid shall not apply to a transaction, other than a transaction referred to in Section 188 of the Companies Act, 2013, between the Company and its Wholly-owned Subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

2. Audit Committee may grant omnibus approval for Related Party Transaction(s) proposed to be entered into by the Company which are repetitive in nature subject to the following conditions:

- a) the Audit Committee may grant omnibus approval considering the following criteria:
  - (i) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
  - (ii) The maximum value per transaction which can be allowed;
  - (iii) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - (iv) review, at such intervals as the Audit Committee may deem fit, Related Party Transaction(s) entered into by the Company pursuant to each omnibus approval made;
  - (v) transactions which cannot be subject to the omnibus approval by the Audit Committee.
3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity.
4. The maximum value per transaction which can be allowed under omnibus route shall not exceed 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

However, for a transaction/transaction(s) involving payments made with respect to brand usage or royalty, the maximum value per transaction shall not exceed 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

For a transaction/transaction(s) specified under Section 188 of the Companies Act, 2013 which are not at arm's length or not in the ordinary course of business, the maximum value per transaction which can be allowed under omnibus route shall not exceeding the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

The aforesaid transaction/transaction(s) can be entered into by the Company after obtaining the consent of the Board of Directors and Shareholders of the Company.

5. The omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
  - (ii) the indicative base price/current contracted price and the formula for variation in the price if any;
  - (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 rupees one crore per transaction.

6. The Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transaction(s) entered into by the Company pursuant to each of the omnibus approvals given.
7. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:
8. Omnibus approval shall not be made for transaction(s) in respect of selling or disposing of the undertaking of the Company.
9. Any Member of the Audit Committee who is interested in the proposed Related Party Transaction(s) shall not be present at the Meeting during discussion and voting on the item. The Member shall not be counted for quorum in respect of such item.

### **Board Approval**

1. All transactions with Related Parties, as stated below, shall require consent of the Board of Directors at a Meeting of the Board.
  - a) All transaction(s) specified under Section 188 of the Companies Act, 2013 which are not at Arm's Length or not in the ordinary course of business.
  - b) Transaction(s) in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval.
  - c) Transaction/transaction(s) which are on arm's Length or not in the ordinary course of business to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
  - d) Transaction involving payments made with respect to brand usage or royalty, if the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
2. The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose:
  - 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.
3. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

### **Shareholder's Approval**

1. All transactions with Related Parties exceeding the materiality thresholds, as stated below, shall require prior approval of the Shareholders:
  - a) If the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
  - b) A transaction involving payments made with respect to brand usage or royalty, if the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
  - c) All transactions specified under Section 188 of the Companies Act, 2013 which are not at arm's length or not in the ordinary course of business and exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

2. The requirement of Shareholders' approval shall not be applicable for transactions entered into between the Company and its Wholly-owned Subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
3. No related party shall vote to approve the resolution whether the entity is a related party to the particular transaction or not.

#### **RELATED PARTY TRANSACTION(S) NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction(s) that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all relevant facts and circumstances regarding the Related Party Transaction(s), and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction(s).

The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction(s) to the Committee under this Policy, and shall take any such action as it may deem appropriate.

In case, where the Audit Committee determines not to ratify a Related Party Transaction(s) that has been commenced without approval, the Audit Committee, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the Related Party Transaction(s). The Audit Committee shall have the authority to modify or waive any procedural requirements of the Policy.

#### **SUPPLEMENTARY PROVISIONS**

- Compliance of the Policy shall be the responsibility of the Chief Financial Officer of the Company.
- Unless the context otherwise requires, the words and expressions used in this Policy and not defined herein but defined under the Act and/or the Listing Regulations shall have the meaning respectively assigned to them therein.
- The implementation of the Policy shall be monitored by the Audit Committee from time to time. The Audit Committee may review the Policy and recommend any changes or modifications for approval of the Board of Directors. The Board of Directors shall review the Policy atleast once in every three years and make any changes or modification to the Policy as it may deem fit.
- In case of any subsequent changes in the provisions of the Act or the Listing Regulations which makes any of the provisions in the Policy inconsistent with the Act or the Listing Regulations, then the provisions of the Act or the Listing Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Act or the Listing Regulations.

**Annexure – I****List of Related Parties of Directors**

1. Relative of a Director:
  - i) Spouse
  - ii) Father (including step-father)
  - iii) Mother (including step-mother)
  - iv) Son (including step-son)
  - v) Son's wife
  - vi) Daughter
  - vii) Daughter's husband
  - viii) Brother (including step-brother)
  - ix) Sister (including step-sister)
  - x) Members of Hindu Undivided Family
2. a firm, in which a director or his relative is a partner;
3. a private company in which a director or or his relative is a member or director;
4. a public company in which a director is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
5. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director;
6. any person on whose advice, directions or instructions a director or manager is accustomed to act:

**Notes:**

- i) Nothing in point 5 and 6 shall apply to the advice, directions or instructions given in a professional capacity;
- ii) Private Company which is a Subsidiary of a Public Company shall be treated as a Public Company in terms of the provisions of the Companies Act, 2013

**Annexure – II****List of Related Parties of Key Managerial Personnel**

1. Relative of a key managerial personnel:
  - i) Spouse
  - ii) Father (including step-father)
  - iii) Mother (including step-mother)
  - iv) Son (including step-son)
  - v) Son's wife
  - vi) Daughter
  - vii) Daughter's husband
  - viii) Brother (including step-brother)
  - ix) Sister (including step-sister)
  - x) Members of Hindu Undivided Family