



INDIAN METALS AND FERRO ALLOYS LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

1. Preface

Policy on Materiality of Related Party Transactions ("the Policy") has been formulated in accordance to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

2. Definitions

The definitions of some of the key terms used in this Policy are given below.

A. **"Related Party Transaction"** means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board;

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

B. **"Related Party"** for the purpose of Related Party Transaction, an entity shall be considered as related to Company if

- (i) such entity is a related party under section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under applicable Indian Accounting Standards.

Provided that (a) any person or entity forming part of Promoter or Promoter Group of the Listed Entity; or (b) by any person or entity holding equity shares 20% or more or 10% or more w.e.f April 1, 2023 in the listed entity either directly or on a beneficial interest during preceding financial year shall deemed to be a related party

As per Section 2(76) of the Companies Act, 2013, "related party", with reference to a company, means:

- i) a director or his relative;
- ii) a key managerial personnel or his relative;
- iii) a firm, in which a director, manager or his relative is a partner;
- iv) a private company in which a director or manager is a member or director;
- v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi) 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 or manager;
- vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii) any company which is—
 - (1) a holding, subsidiary or an associate company of such company;
 - (2) a subsidiary of a holding company to which it is also a subsidiary; or
 - (3) an investing company or the venturer of the company.

Explanation.-For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- ix) a Director (other than an Independent Director) or Key Managerial Personnel of the holding company or his relative;

C. **"Audit Committee"** means the Audit Committee as constituted by the Board of Directors of the Company.

D. **"Material Related Party Transaction"**, A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

- E. **“Arm’s 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.
- F. **“Material Modification”**: Material modification to a contract with a related party shall include;
- Change in quantity exceeding 20% of approved quantity
 - Change in rate exceeding 20% of approved rate
 - Change in period of contract exceeding 1 month

3. Process

- A. The transaction with related party should be entered only if it satisfies the following conditions:
- a) Transaction should be arising out of ordinary course of business
 - b) The transaction should not be prejudicial to the interest of the Company.
 - c) The transaction should be at arm’s length.
- B. All Related Party Transactions and subsequent material modification shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
- i) 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.
 - ii) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
 - iii) Such omnibus approval shall specify (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (b) the indicative base price / current contracted price and the formula for variation in the price if any and (c) 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.
- iv) 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.
 - v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- C. All Related Party Transactions, which are proposed to be entered by the Company (i) other than in ordinary course of business; and / or (ii) other than on arm’s length basis, shall require prior approval of the Board of Directors of the Company, by means of passing of resolution at a meeting of the Board.

Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the resolution relating to such transaction.

- D. All Material Related Party Transactions, of the nature given in the table below, shall require prior approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

S.No.	Nature of transaction as per Section 188 of the Companies Act, 2013	Threshold limit for seeking approval of shareholders
1	Sale, purchase or supply of any goods or materials	Exceeding ten percent or more of the turnover of the Company.
2	Selling or otherwise disposing of, or buying, property of any kind	Exceeding ten percent or more of net worth of the Company.
3	Leasing of property of any kind	Exceeding ten percent or more of the turnover of the company.
4	Availing or rendering of any services	Exceeding ten percent or more of the turnover of the company.
5	Appointment of any agent for purchase or sale of goods, materials, services or property.	As per limits prescribed above in point 1, 2 & 4 above.
6	Such related party's appointment to any office or place of profit in the company, its subsidiary company or	At a monthly remuneration exceeding Rs 2.50 lakh per month.
7	Underwriting the subscription of any securities or derivatives thereof, of the company.	Exceeding 1% of the Net Worth of the Company.

Explanation:-

- The limits specified in sub-clauses 1) to 4) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- Turnover or net worth shall be computed on the basis of the Audited Financial Statement of the preceding Financial Year.

E. Disclosures

Related Party Transactions

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

F. Amendment / Review

The policy shall be reviewed by Board of Directors once in every three financial years and the Board may amend or modify this Policy in whole or in part, from time to time.

Amended Policy approved by the Board of Directors on 27th January 2022 and will be effective from 1st April, 2022.