



India Carbon Limited

RELATED PARTY TRANSACTION POLICY

(Modified w.r.t. the Sixth Amendment to the SEBI LODR Regulations dated 9th

November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd

November, 2021 – The amendments majorly contained in this revised policy shall be

effective from April 1, 2022 unless otherwise specified).

Version:

	Date
Adopted:	22/09/2014
1 st Revision	01/04/2022

TABLE OF CONTENTS

Sr. No.	Particulars	Page Nos.
1.	Preamble	4
2.	Purpose	5
3.	Definitions	6-8
4.	Terms & Reference	9-12
5.	Policy	13-15

6.	Policy Administration	16-20
7.	Interpretation	21
8.	Transactions which do not require approval	21-22
9.	Related Party Transactions not approved under this policy	23
10.	Disclosures	24-25
11.	Policy Review	26-28

1. Preamble

India Carbon Limited (the “Company”) is governed amongst others by the rules and regulations framed by the Securities Exchange Board of India (SEBI). SEBI has mandated every listed company to formulate a Policy on Related Party Transactions (RPTs). The Board of Directors (the “Board”) of India Carbon Limited (the “Company”) on recommendation of the Audit Committee has adopted the following policy and procedures with regard to RPTs as defined below. The Audit Committee and Board will review and may amend this policy from time to time.

This policy is to:

- a) Regulate transactions of the Company with its Related Parties based on the laws and regulations applicable on the Company.
- b) Ensure high standards of corporate governance while dealing with related parties. and
- c) Ensure optimum compliance with various applicable laws prescribed for RPT.

2. Purpose

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (**LODR**) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

3. Definitions

“Act” the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time

" Accounting Standards" The standards of accounting as prescribed by The Institute of Chartered Accountants of India in consultation with and after examination of the recommendations made by the National Finance Reporting Authority.

“Listing Regulations” The SEBI Listing Obligations and Disclosures Requirements (LODR) Regulations as amended from time to time.

“Audit Committee” Committee of the Board of Directors of the Company constituted under the provisions of section 177 of the Act and regulation 18 of LODR as amended from time to time.

“Board of Directors” or “Board” the collective Body of Directors of the Company, as constituted from time to time as per the provision of section 2(10) of the Act.

“Subsidiary Company” as defined under the Act including any statutory modification and amendment thereof as may be issued from time to time.

“Associate Company” means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Policy” means Related Party Transaction Policy.

“Related Party” as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder, applicable accounting standards and LODR as amended from time to time:

The following shall also be treated as the Related Party

- a. all persons or entities forming part of promoter or promoter group irrespective of their shareholding;
- b. any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
 - i. to the extent of 20 % or more

ii. to the extent of 10% or more w.e.f. April 1, 2023

“Relative” means relative as defined under Section 2 (77) of the Act.

“Related Party Transaction (“RPT)” transaction with related parties as defined under the Act, LODR and applicable Accounting Standards as amended from time to time. It means a transaction involving transfer of resources, services or obligations, regardless of whether a price is charged.

Explanation – A “transaction” with a Related Party shall be construed to include a single transaction or a group of transaction in a contract. The RPT shall include transactions between -

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand w.e.f. April 1 2022.
- b. the Company 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 Company or any of its subsidiaries w.e.f. April 1, 2023.
- c. Provided that the transactions given under the proviso to regulation 2 (1) (zc) of the LODR shall not be treated as RPT.

4. Terms and Reference

“Arm’s Length Transactions” Terms will be treated as on “Arm’s length Basis” if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such a quality, realizations, delivery, credit and other material terms of the contract.

In case the company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar profile can be considered to stabilize “Arm’s Length Basis”

“Material Related Party Transaction” The materiality of any RPT will be ascertained as per the thresholds prescribed under the Act or the LODR, whichever is lower:

- (i) Materiality threshold under the Act -

A Transaction with a related party shall be considered material if it exceeds threshold under section 188 of the Act read with rules made there under or any subsequent amendment thereto

- (ii) Materiality threshold under LODR

A transaction with a related party shall be considered material if the transactions to be entered into

individually or taken together with the previous transactions during a financial year exceeds the following thresholds

- 1) In case of transaction involving payments made with respect to brand usage or royalty, if it exceeds 5% of annual consolidated turnover of the company as per its last audited financial statements.
- 2) In case of any other transactions if the amount exceeds Rs. 1000 crores or 10% of the annual consolidated turnover of the company as per its last audited financial statements, whichever is lower

“Material modifications” shall mean any modification, individually or taken together with modifications during a financial year, made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or Shareholders, as the case may be, having a significant impact on the nature, and or value, of such transaction, as may be determined by the Audit Committee from time to time.

Provided that there shall be a rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year (with regards to the said same Related Party Transaction), results into any of the following:

- A variation in the per unit price and or value of the transaction/contract as originally

approved, by 15%, or more;

- The terms of the contract cease to be arms' length;
- A variation in the credit terms of the transaction/contract as originally approved, which results into a financial impact equal to 15% or more of the value of the contract;
- Any novation of the contract or arrangement or assignment to a third party.

With regards to transactions in the nature of giving or receiving Inter Corporate Deposits/

Loans/ subscription to Debentures:

- Any modification which results into the claims of either party being subordinated, or relaxation of security interest:

Provided that giving any consent for cessation of pari passu charge or any other security interest, provided there is adequate asset cover, shall not be deemed as modification of contract.

Provided further that the following shall not be considered as material modification:

- modifications which may be mandated pursuant to change in law;
- modifications pursuant to and in accordance with the terms of the approved transaction/contract, whether with or without mutual consent of parties, as the case may be;

- modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.);
- modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- modifications uniformly affected for similar transactions with unrelated parties.

“Transactions in ordinary course of business” Transactions or contracts or arrangements or activities

that are entered in pursuance of the business objectives of the company and are necessary for the

company’s operations or related financial activities. They must also satisfy the following principles

(i) permitted under the Memorandum and the Articles of Association of the Company;

(ii) carried on a frequent or regular basis or are usual in nature or are as per the customs or industry practice and

(iii) the terms of which are similar to those which would be otherwise applicable to transactions with unrelated parties.

5. Policy

- **Policy**
- (a) The RPTs should be in conformity with the Act, LODR and applicable Accounting Standards, as amended from time to time. In case of any conflict, the most stringent of the requirements would apply
- (b) All RPTs shall be entered into in the ordinary course of business and at Arm's Length Basis.
- (c) Any RPT which is not in the ordinary course of business or not at Arm's Length Basis shall be affected only with the prior approval of the board on recommendation of the Audit Committee.
- (d) All RPTs which are not in the ordinary course of business or not at Arm's Length Basis and exceed the threshold laid down in the Act shall be placed before then shareholders for their approval
- (e) RPTs 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 if the value of such transactions, whether entered into individually or taken together with the previous transactions during a

financial year, exceed 10% of the annual consolidated turnover as per the last audited financial statements of the company. With effect from 01.04.2023 prior approval of the Audit Committee will be required if such value of transactions exceeds 10% of the annual standalone turnover as per the last audited financial statements of the subsidiary.

- (f) The Audit Committee approval is not required for transactions with wholly owned subsidiaries of the company as well as transactions entered into between two wholly owned subsidiaries of then company whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- (g) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provide that such approval shall remain valid for a period not exceeding one year.
- (h) All RPTs and subsequent material modifications shall be placed before the Audit Committee for prior approval and only independent members of the Audit Committee shall approve the RPTs as required under the provisions of the Act and the LODR.
- (i) The Audit Committee shall subject to applicable laws, have the power to ratify, revise or terminate the RPTs which are not in accordance with this policy.
- (j) Any transactions that is specifically excluded from the applicability of related party

provision under the Act and LODR shall not require a separate approval under this policy.

- (k) All international RPTs shall comply with the international transfer pricing requirements under section 92 B of the Income Tax Act, 1961 including certification from independent accountants under the transfer pricing regulation.

6. Policy Administration

- The policy will be administered by the company secretary under the direction of the CFO with oversight by the Audit Committee.
- The company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the company are in compliance with applicable laws and this policy.
- The company's management can ensure that all the unit heads and finance and commercial heads are made aware of this policy and relevant regulations to facilitate / ensure compliance with the RPT policy and certify compliance with this policy, on a quarterly basis, to the Audit Committee.
- All persons dealing with the related parties shall irrespective of their level, be responsible for compliance with this policy. It is the duty of all employees of the company to ensure that they do not deal with related parties under any kind of influence or coercion. Any case involving un warranted presence shall be promptly

reported as per the mechanism provided under the Whistle Blower Policy of the company.

- The Company Secretary / Compliance Officer shall be responsible to maintain / update the list of related parties (as required by applicable laws) and provide the same to all concerned.
- The internal auditor / any independent agency appointed by the company shall review the RPTs entered into by the company on a periodic basis and report their observations to the Audit Committee with rationale for determination of Arm's Length pricing and ordinary course of business.
- Notice of RPTs shall be given well in time to ensure that necessary documentation is placed before the Audit Committee for according prior approval.
- Every director & KMP shall make an annual disclosure within the meaning of section 2 (76), 184 & 189 of the Act and Regulation (2) (1) (zb) of the LODR and shall also promptly intimate any change in the said annual disclosure.
- The management may issue detailed process relating to the implementation of this policy as may be approved by the Audit Committee from time to time.

Approval of the board and the Shareholders –

- All RPTs after review and approved by the Audit Committee, shall be placed before the board for noting / endorsement and the directors who are interested in any of the RPTs shall not participate or vote on resolution of the board on such RPTs.
- All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction. Further, all related party transactions which are not in the ordinary course of business or not at the arm's length price **and** are exceeding threshold limits prescribed in the Act **as per Annexure 1** shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

Further, the information as prescribed under the Companies Act, 2013 and/or the LODR, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.

- All Material Related Party Transactions as per LODR and subsequent Material Modifications thereto shall require prior approval of the Board and shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of LODR are applicable to such listed subsidiary.

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

Provided that the provisions pertaining to -

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of shareholders for Material Related Party

Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. Interpretation

In the event of any conflict between the provisions of this policy and any existing or newly enacted law, rules, regulations or standard governing the company the relevant laws, rules, regulations or standard will take precedence over this policy until such time as the policy is changed to confirm to the said law, rule, regulation or standard.

8. Transactions which do not require approval

- Any transaction that involves the provision of compensation to a director or Key Managerial Personnel (KMP) in connection with his or her duties to the company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses included in the ordinary course of business.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such

securities receive the same benefits pro rata as the Related Party [including
following

(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 Company 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.

Does not require approval under this policy

9. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, prior to its consummation the same shall be reviewed by the Audit Committee.

The Audit Committee shall evaluate all options available to the company and may decide such action as it may consider appropriate including ratification, revision or termination of the RPT.

The Audit Committee shall also examine the facts and circumstances pertaining to the failures of reporting such RPT to the committee under this policy and take such action it deems appropriate.

Where the Audit committee decide not to ratify a RPT that has been entered into without its prior approval, the Committee may direct additional action including but not limited to, immediate discontinuation or cessation of the transaction. In connection with any review of a RPT, the committee/board, has the authority to modify, waive any procedural requirements of this policy.

10. Disclosures

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Material RPTs shall be provided in the notice to shareholders.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall submit enhanced disclosure of information related to RPTs to the stock exchanges every six months in the format specified by the SEBI with the following timelines:
 - i. within 15 days from the date of publication of financials;
 - ii. simultaneously with the financials w.e.f. April 1, 2023.and also publish the same on its website.
- The company shall disclose in its annual report the RPTs that require the approval of the board and shareholders with justification for entering into such contract or arrangements.

- o The Company shall disclose this policy on the company's website and a web link thereto shall be provided in the company's annual report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

All disclosures, supporting documents shall be preserved for a period of eight years from the end of the financial year to which it relates and shall be kept in the custody of the Accounts Dept. and any other person authorized by the Board for the purpose.

11. Policy Review

This policy shall be reviewed by the Audit Committee as and when deemed necessary and placed before the board for approval and updated accordingly.

<u>Sl</u> <u>No.</u>	<u>Reviewed by</u>	<u>Review Date</u>	<u>Approved</u> <u>by</u>	<u>Approval Date</u>
1.	Audit Committee	23-05-2022	Board of Directors	23-05-2022

ANNEXURE 1

Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, by way of Ordinary Resolution includes the transactions/contracts/ arrangements as follows :

Category of Transactions	Materiality Thresholds under the Companies Act, 2013 (For transactions not in ordinary course of business and not on an arm's length basis)	Materiality Thresholds under the Listing Regulations
Sale, purchase or supply of any goods or materials	10% or more of turnover	Transaction, individually or

Selling or otherwise disposing of, or buying, property of any kind	10% or more of net worth	taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial Statements of the Company or Rs 1000 Crores whichever is lower
Leasing of property of any kind	10% or more of turnover	
Availing or rendering of any services	10% or more of turnover	
Related Party's appointment to any office or place of profit in the	At a monthly remuneration exceeding Rs.2.5 Lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	
Any other transaction with a Related Party	Transaction, individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or Rs 1000 Crores which ever is lower.	
