

## INDO BORAX & CHEMICALS LTD

### POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

[Pursuant to Regulations 23 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015]

#### **Background:**

The Board had approved the policy for determining 'material' subsidiaries. Securities Exchange Board of India, vide notification dated 9<sup>th</sup> May, 2018, has notified certain amendments effective from 1<sup>st</sup> April, 2019, requiring certain changes to be made in the Policy.

Further, SEBI, vide circular dated 9<sup>th</sup> November, 2021 has notified further amendments necessitating changes to be made in the policy, which will be effective from 1<sup>st</sup> April, 2022, unless stated otherwise.

#### **Policy:**

In supersession of the existing policy, policy on materiality of and dealing with Related Party Transactions, which is to be read together with regulation 23 of the said Regulation and relevant provisions of the Companies Act, 2013 is accordingly being revised as under:

1. The term 'Related Party', 'Related Party Transactions', 'Relative', 'Material RPTs', 'Arms lengths transactions', 'Omnibus Approvals', and such other terms will carry the meaning as stated under the Companies Act, 2013 or SEBI Listing Regulations as amended from time to time.
2. Related Party Transactions (RPTs), including subsequent material transactions thereof of the company covered under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations will be approved by the Audit Committee of the Board from time to time, subject to such exceptions as are provided therein.

For the above purpose 'material modifications' as defined by the audit committee would refer to the following:

Material medication will mean and include any modification to an existing RPT having variance of fifty percent of the existing limit, as sanctioned by the Audit Committee or shareholders as the case may be.

Provided further that:

- i. A related party transaction to which the subsidiary company is a party, but the company is not a party, shall require prior approval of the audit committee if the value of such transaction whether entered into individually or taken together with previous transaction during the financial year exceeds ten (10) percent of the annual consolidated turnover, as per the last audited financial statements of the company.
- ii. With effect from 1<sup>st</sup> April, 2023 related party transaction to which subsidiary of the company is a party, but the company is not the party, shall require prior approval of the audit committee of the company if the value of such transaction whether entered into individually or taken together with previous transactions during the financial year, exceeds

ten (10) percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

3. Prior consent of the Board and the shareholders would be taken in respect of all RPTs, including material modifications thereof, except the following:
- Where the transactions are below the threshold limits specified in the Companies Act, 2013 and Rules thereunder or the SEBI Listing Regulations, as may be applicable.
  - Where the transactions are entered into by the company in its ordinary course of business and are on arm's length basis.
  - Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during the financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the Company.
  - Where the transactions to be entered individually or taken together with the previous transactions during the financial year do not exceed Rs. 14.00 Cr or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company.
  - Transactions entered into between the Company and the Wholly Owned Subsidiary whose accounts are consolidated with the company and placed before the shareholders at the annual general meeting for approval.
  - Transactions entered into between one or more wholly owned subsidiaries of the company, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
4. Notwithstanding the above, approval of the Board and shareholders would be necessary, where the transaction(s) with a related party exceeds the following threshold limits:

Particulars	Threshold Limits (Rs. In Crores)
Sale, purchase or supply of any goods or material or securities	Rs. 14.00 cr or ten percent of the annual consolidated turnover as per the last audited financial statements, whichever is less or such other limits as may be prescribed by the Regulatory Authority
Selling or otherwise disposing of or buying or any property including by way of lease and license arrangements	
Availing or rendering any services	
Other Matters.	

The chairman and audit committee of the Company are jointly authorized to make changes to this policy as they may deem fit or expedient, taking into account the law for the time being in force.

The above policy is subject to review from time to time and at least once in every three years.

Mumbai, dated 11<sup>th</sup> February, 2022

Chairman