INDO COUNT INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

This Policy on Related Party Transactions is approved by the Board of Directors of the Company at their meeting held on _____. The erstwhile policy was approved at the Board Meeting held on February 8, 2019.

POLICY ON RELATED PARTY TRANSACTIONS

PREFACE:

The Board of Directors of the Company had framed policy on materiality and dealing with Related Party Transaction pursuant to the provisions of Companies Act, 2013 ("Act") including the rules made thereunder ("rules") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations"). The Policy is further revised to reflect the changes made in the Act, Rules and Listing Regulations from time to time.

DEFINITIONS:

"Company" means Indo Count Industries Limited.

"Related Party" shall have the same meaning as defined under the Companies Act, 2013 and the Listing Regulations.

Related Party Transaction ("RPT") shall be those specified under Section 188 (1) of the Companies Act, 2013 and also as defined under Listing Regulations.

"**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.

"Materiality": The materiality of any RPT will be ascertained as per the thresholds prescribed in Annexure A of this Policy.

"**Net Worth"** means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.

Words and expressions used in the Policy but not defined herein shall have the meaning ascribed to them in the Companies Act, 2013 and the Rules framed there under and the Listing Regulations, as amended from time to time.

POLICY:

1. Pursuant to provisions of Section 177 (4) of the Companies Act, 2013, prior approval of Audit Committee shall be obtained for related party transactions as specified in Section 188 of the Companies Act, 2013. Further, in accordance with Listing Regulations, prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).

2. Notice of any potential Related Party Transaction shall be given in advance to the Company Secretary so that the Company Secretary has adequate time to place the matter for approval of the Audit Committee.

3. The Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions, namely-

   a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;

   b) 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;

   c) 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; and
      (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.

   d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

   e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4. The Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given. Further, the said transactions shall be noted by the Board.

5. Approval of the Board and Shareholders of the Company shall be obtained in respect of following Related Party Transactions:

   i. **<u>As per Listing Regulations</u>** - Where transactions to be entered into individually or taken together with previous transactions during the financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

      Further, where transaction involving payments made to a related party with respect to brand usage or royalty entered into individually or taken together with previous transactions during a financial year, exceed five[@] percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

      However, RPT between Holding and wholly owned subsidiary are exempted from aforesaid approval.

      [@]*effective from July 01, 2019.*

   ii. **<u>As per Companies Act, 2013</u>** – Where RPT as specified in Section 188 of the Companies Act, 2013 are not in ordinary course of business and are not on arms' length basis, approval of Board is required. Further, prior approval of shareholders is required where such transactions exceeds the threshold limits specified in the Section 188 of Companies Act, 2013 & Rules thereunder **(Clear Threshold limits specified in Annexure A).**

VOTING:

In case of RPT requiring Board's approval, any director who is interested in RPT will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

In case of RPT requiring shareholder's resolution, no related party shall vote to approve such resolutions whether the entity is a related party or not.

RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL

Following Related Party Transactions shall not require any separate approval under this Policy:

a. Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board;
b. Transactions that have been approved by the Board under the specific provisions of the Companies Act, 2013 e.g. inter-corporate deposits, borrowings, investments etc. with or in wholly owned subsidiaries or other Related Parties;
c. Payment of Dividend;
d. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015;
e. Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

AMENDMENTS:

The Board may amend or modify this Policy in whole or in part, from time to time.

In case of any conflict between the provisions of this Policy and of Statutory Provisions shall prevail over this Policy. Any subsequent amendment/ modification in the Statutory Provisions shall automatically apply to this Policy and the Company Secretary of the Company is authorised to make necessary changes in accordance with the change in statutory provisions applicable to the Company.

ANNEXURE A

THRESHOLD LIMITS FOR DETERMINING MATERIAL RELATED PARTY TRANSACTIONS

Nature of Transactions	Materiality threshold as per Companies Act, 2013	Materiality threshold as per Listing Regulations
Sale, purchase or supply of any goods or materials directly or through appointment of agent#	Amounting to 10% or more of Turnover*	Transactions to be entered individually or taken together with previous transactions during a financial year with Related Party exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company
Buying, selling or otherwise disposing of property of any kind directly or through appointment of agent#	Amounting to 10% or more of Net worth*	
Leasing of property of any kind#	Amounting to 10% or more of the Turnover*	
Availing or rendering of any services directly or through appointment of agent#	Amounting to 10% or more of the Turnover*	
Appointment of related party to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 250,000	
Underwriting the subscription of any securities in or derivatives thereof of the Company	Exceeding 1% of net worth	
Transfer of resources, services or obligations between the Company and a related party, 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.	Not Applicable	
a transaction involving payments made to a related party with respect to brand usage or royalty	Not Applicable	If the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five@ percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company

#the threshold limits shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

**effective from November 19, 2019 as amended by Companies (Meetings of Board and its Powers) Second Amendment Rules, 2019.*

@effective from July 01, 2019.