



# **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 30<sup>th</sup> May, 2025.*

**PREFACE:**

The Board of Directors of the Company has 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 in Section 2(76) of the Companies Act, 2013, Regulation 2(1)(zb) of Listing Regulations as amended from time to time.

“**Related Party Transactions (“RPT”)** shall be those specified under Section 188 (1) of the Companies Act, 2013 and as defined under Regulation 2(1)(zc) of Listing Regulations including any amendment or modifications thereof, as may be applicable.

“**Relative**” means relative as defined under Section 2(77) of the Companies Act, 2013 and Regulation 2(1)(zd) of 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 Related Party Transaction will be ascertained as per the thresholds prescribed in Annexure A of this Policy.

“**Subsequent Material Modifications**” means modifications in related party transactions as defined by the Audit Committee given below:

A modification in the terms & conditions of the Related Party Transaction already approved by the Audit Committee, shall be considered material if the value of such modification is more than 50% of total value of a particular transaction approved by the Audit Committee and with such modification, the said transaction becomes material transaction as per Listing regulations.

“**Subsidiary**” in relation to the Company, means a company in which Company: (i) controls the composition of the Board of Directors; or (ii) exercises or controls more than one-half of the total voting power either on its own or together with one or more of its subsidiary companies;

“**Transaction**” with a related party shall be construed to include a single transaction or a group of transactions.

“**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:**** Approval of Audit Committee**

1. All related party transactions and its subsequent modifications including any material modifications, shall require prior approval of the members of the Audit Committee, who are Independent Directors.

A related party transaction 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 of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

However, the members of the audit committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the conditions prescribed under Regulation 23(2)(f).

2. The Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions, namely-
  - a) the audit committee shall lay down the criteria for granting omnibus approval in line with the policy on related party transactions 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 Company;
  - 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 Company or its subsidiary 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.
3. Prior approval of the Audit Committee of the Company shall not be required for:
  - a) a related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such listed subsidiary. (Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the audit committee of the listed subsidiary shall suffice.
  - b) transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.
  - c) transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.
  - d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

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 Audit Committee shall out the review of statements of related party transactions as mentioned in the Listing Regulations and Companies Act, 2013. Further, the said transactions shall be noted by the Board.
5. 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.

#### **Approval of the Board of Directors of the Company**

- i. Approval of the Board of Directors of the Company shall be obtained in a meeting for the related party transactions as specified in Section 188(1) of the Companies Act, 2013 as amended from time to time.

Provided that the approval of the Board of Directors is not required:

- a) to any transactions entered into by the company in its ordinary course of business and transactions are on an arm's length basis
  - b) transactions between the Company and wholly owned subsidiary of the Company whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval
- ii. The Board shall take note of the Related Party Transaction reviewed by the Audit Committee and wherever required, the Board shall also grant its approval to Related Party Transaction.
  - iii. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the Directors concerned shall indemnify the company against any loss incurred by it.

#### **Approval of the Shareholders of the Company**

##### **As per Listing Regulations**

- i. Approval of the Shareholders of the Company shall be obtained in respect of the following Related Party Transactions:
  - a) Where transactions to be entered into individually or taken together with previous transactions during the financial year with a related party exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
  - b) Where transactions into individually or taken together with previous transactions during a financial year with a related party, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
  - c) All subsequent material modifications as defined by the Audit Committee.
  - d) Where transactions 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.

ii. Approval of the shareholders of the Company shall not be required for:

- a) transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.
- b) transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.
- c) related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such listed subsidiary. *(Explanation: For related party transactions of unlisted subsidiaries of the Company, the prior approval of the shareholders of the listed subsidiary shall suffice).*

### **As per Companies Act, 2013**

Prior approval of shareholders shall be required where related party transactions as specified in Section 188 of the Companies Act, 2013 are not in the ordinary course of business and not on arms' length basis and the value of 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 on Related Party Transactions:**

##### ➤ **Voting on Related Party Transaction placed before the Audit Committee**

Only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

##### ➤ **Voting on Related Party Transaction placed before the Board**

Any Director interested in Related Party Transaction placed before the Board shall not participate in the discussion and abstain from voting.

##### ➤ **Voting on Related Party Transaction place before Shareholders As per Listing Regulations**

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.

### **As per Companies Act, 2013**

No member of the company shall vote on such a resolution to approve any contract or arrangement, which may be entered into by the company, if such a member is a related party.

#### **Information to be placed before the Audit Committee, Board and Shareholders for obtaining their approvals**

The Company shall place the information as specified in Companies Act, 2013, Listing Regulations and relevant circulars issued by Securities and Exchange Board of India (SEBI), from time to time in this regard before the Audit Committee, Board and Shareholders of the Company while obtaining their respective approvals.

### **Related Party Transactions that shall not require approvals**

The 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) 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;
- d) the following corporate actions 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
- e) retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors;
- f) Transactions involving corporate restructuring, such as 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;
- g) Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.
- h) remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material transaction as defined above.

### **Amendments**

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

In case of any conflict between the provisions of this Policy and of Statutory Provisions, 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 authorized 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**

<b>Nature of Transactions</b>	<b>Materiality threshold as per Companies Act, 2013</b>	<b>Materiality threshold as per Listing Regulations</b>
Sale, purchase or supply of any goods or materials directly or through appointment of agent	Amounting to 10% or more of Turnover	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."
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: (i) 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; or (ii) 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; 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, exceeds five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company