

## RELATED PARTY TRANSACTIONS POLICY

### 1. PREAMBLE:

Indofil Industries Limited (**“the Company”**) registered under the provisions of Companies Act, 1956, having registered office at: Kalpataru Square, 4th Floor, Kondivita Road, off Andheri Kurla Road, Andheri (E), Mumbai- 400 069, Maharashtra, India,

**The Board of Directors (“the Board”) of the Company understands the importance of stakeholder’s confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Board of the Company, acting upon the recommendation of its Audit Committee (“the Committee”), has adopted the following policy and procedures with respect to Related Party Transactions.**

### 2. PURPOSE:

The policy is not only to be in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act and other applicable laws to the Company. The policy is formulated to deal with Related Party Transactions including the materiality of Related Party Transactions.

### 3. DEFINITIONS:

- a) **“Act”** means the Companies Act, 2013 (‘Act’) read with the Rules and any subsequent amendments thereof.
- b) **“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.
- c) **“Audit Committee”** means Audit Committee of the Board of Directors of the Company as required under Section 177 of the Act and Regulation 18 of the Listing Regulations.
- d) **“Board”** means Board of Directors of the Company.
- e) **“Group Company”** means subsidiaries and associates of the Company and shall also include subsidiaries and associates of the ultimate holding company of the Company.
- f) **“Material modification”** would mean any modification to the related party transaction which shall result in:
  - **an impact on the value of the transaction by 30% as compared to the approval given by the Audit Committee / Board / shareholders earlier.**
  - **the transaction not being at arm’s length.**
- g) **‘Ordinary Course of Business’** means normal, regular business activities carried out by the Company in line with its Memorandum and Articles of Association. Since the term Ordinary Course of Business is not defined under the statute, the Company would exercise judgement on this aspect and for the purpose of the same, using the following guiding principles:

- the Company has done similar transactions in the past.
  - such transactions are carried out at regular frequency.
  - the guiding principles are not exhaustive, and the facts and circumstances of each case would be examined before concluding on the matter.
- h) **“Related Party”** is a party as defined in sub-section (76) of section 2 of the Companies Act, 2013 read with applicable Accounting Standards including modifications or amendments made thereto.
- i) **“Relative”** means relative as defined under Section 2(77) of the Companies Act, 2013 read with applicable Accounting Standards including modifications or amendments made thereto.
- j) **“Related Party Transaction”** or **“RPT”** means transactions as given under clause (a) to (g) sub-section (1) of section 188 of the Companies Act, 2013 read with applicable Accounting Standards including modifications or amendments made thereto as may be applicable to the company

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act and rules, regulations, notifications and circulars issued thereunder and as may be applicable to the company.

#### 4. POLICY:

- 4.1. All Related Party Transaction(s) shall be entered on arms' length.
- 4.2. In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors, and the approval from shareholders by passing special resolution as the case may be.
- 4.3. All the contracts / arrangements entered into with Group Companies may be RPTs, they would be in the ordinary course of business itself.

#### 5. APPROVAL OF TRANSACTIONS AND ITS PROCEDURE:

##### A. AUDIT COMMITTEE:

1. The Audit Committee, on its own or on the recommendation of the management, shall approve certain transactions with related parties which would occur on a regular basis or at regular intervals.
2. The Audit Committee shall at the end of every quarter appraise the position of the approved transactions to ensure that all necessary requirements are being complied with recurring RPTs on an annual basis.
3. If the Board or its Chair determines that a RPT should be referred to the Audit Committee or if the Audit Committee in any case elects to review any such matter, the Audit Committee will review and approve the contracts / arrangements / transactions, including modifications.

The Audit Committee shall consider the following factors while determining approval–

- a) Name of the related party and its relationship with the Company including nature of its concern or interest.
- b) Nature, material terms, monetary values, tenure and particulars of the contract / arrangement / transaction.
- c) Method and manner of determining the pricing and other commercial terms.
- d) Whether the RPT is at arm's length.**
- e) In case of RPT involving loan, advances, Inter Corporate Deposits (ICDs) or investments made / given by the Company / subsidiary:
  - **Details of sources of funds.**
  - **In case of indebtedness, nature of indebtedness, cost of funds and tenure.**
  - **Applicable terms including covenants, tenure, interest rate, secured or unsecured and repayment schedule.**
  - **Purpose of utilization of funds by ultimate beneficiary of such RPT.**
- f) Justification as to why the RPT is in the interest of the Company.
- g) Percentage of the value of the proposed RPT to the annual consolidated turnover of the Company
- h) Percentage of the value of the proposed RPT to the annual consolidated turnover of the counterparty (voluntary)
- i) Copy of valuation / external party report, if any; and
- j) Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

Where an RPT cannot be foreseen and aforesaid details are not available, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under the Policy prior to its consummation, the Audit Committee shall examine all facts and circumstances pertaining to non-reporting of such RPT to the Committee and shall take such action as it may deem appropriate.

Only those members of the Audit Committee who are Independent Directors will approve RPTs. Any member of the Audit Committee having a potential interest in the proposed RPT will not participate in the discussions nor vote on the proposal for approval of the transaction.

B. BOARD

**The Board will approve all RPT's which are not at arm's length and / or which are not in the ordinary** course of business. If the Audit Committee does not approve any RPT, it shall refer the same to the Board for approval. Once contracts / arrangements with related parties are approved by the Audit Committee / Board, transactions arising out of the same would not be subject to evaluation when they are executed. This process will be monitored by the Finance head continuously.

#### C. SHAREHOLDERS

All material transactions and subsequent material modifications would require approval of shareholders, based on recommendation of the Board, through ordinary resolution passed at the general meeting.

Non-Independent Committee members / Directors will not participate in the discussions on Related Party Transactions during the Committee / Board meetings.

#### D. EXCLUSIONS

The following RPTs will not be put up for approval as permitted under law:

1. Issue of specified securities on preferential basis subject to compliance of applicable SEBI Regulations.
2. Corporate actions as under as the same are uniformly applicable to all shareholders:
  - Payment / receipt of dividend
  - Sub-division or consolidation of securities
  - Issue of securities as rights or bonus
  - Buy-back of securities.

In addition to the above, since the transactions or arrangements mentioned below are specifically dealt under different provisions of the Law/policy of the Company and executed under separate approvals, no approval of Audit Committee will be taken for:

- a) Any RPTs approved by any of the other statutory Board Committees like the Nomination & Remuneration Committee and the CSR Committee.
- b) Any transaction by the Company with its employee, who is a related party of the company, pursuant to the employment terms.
- c) Employer's contribution to Provident Fund / Gratuity / Superannuation etc. to a recognized Trust as part of its statutory obligations.**
- d) Reimbursement of expenses at actuals based on supporting documents.

#### 6. DISCLOSURE:

Appropriate disclosures as required under the Companies Act and other applicable regulations will be made wherever applicable.

7. AMENDMENT:

Any change in the definitions and / or any provisions of this Policy pursuant to an amendment in the Companies Act or any other applicable regulations will be effective without any further approval from the Audit Committee / Board. The Audit Committee / Board will be briefed about such changes.

8. REVIEW:

This Policy will be reviewed as and when required but at least once in three years.

This Policy was approved by the Board of Directors at its meeting held on 29<sup>th</sup> August, 2023