

Indraprastha Medical Corporation Limited

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**Policy on Materiality of Related Party Transactions and dealing with
Related Party Transactions**

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1. INTRODUCTION

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") requires a company to adopt a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

In view of the above requirement, the Board of Directors ("**Board**") of Indraprastha Medical Corporation Limited ("**the Company**") has adopted the policy on materiality of Related Party Transactions and on dealing with Related Party ("**Policy**") to ensure high standards of corporate governance while dealing with Related Party(s) of the Company.

This policy shall be guided by the objective of ensuring compliance with the provisions pertaining to Related Party Transactions in the Companies Act, 2013 and the SEBI Listing Regulations.

2. PURPOSE

The objective of this Policy is to set out:

- a. Materiality of Related Party Transactions and;
- b. Manner of dealing with the transactions between the Company and its Related Parties in accordance to the Act and Regulation 23 of the SEBI Listing Regulations.

This Policy also *inter alia* lays down the process to be adopted by the Company for approval of the Related Party Transactions including any subsequent modification thereof and reporting & disclosure requirements therefor.

3. DEFINITIONS

- a) '**Act**' means the Companies Act, 2013, as amended from time to time.
- b) '**Arm's Length Transaction**' means a transaction between the Company and its related party (ies) that is conducted as if they are unrelated, so that there is no conflict of interest.
- c) '**Audit Committee**' means Audit Committee of Board of Directors of the Company constituted under provisions of the Act and SEBI Listing Regulations.
- d) '**Board of Directors**' or '**Board**' means Board of Directors of the Company as constituted from time to time.
- e) '**Company**' means Indraprastha Medical Corporation Limited.
- f) '**Compliance Officer**' shall mean the Company Secretary of the Company.

- g) **'Material Related Party Transaction'** means transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

In addition to the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall also be considered material 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 Company as per the last audited financial statements of the Company.

- h) **"Material modification(s)"** means any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 20% of transactions, in each case, over and above the approved limits.
- i) **'Related Party(ies)'** shall have the same meaning as defined under the Act or under the applicable accounting standards or SEBI Listing Regulations including all amendments and modifications thereof from time to time.

Provided that:

- (i) any person or entity forming a part of the promoter or promoter group of the Company; or
- (ii) any person or any entity, holding equity shares
- of twenty per cent or more; or
 - ten per cent or more,

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year;

shall be deemed to be a related party.

- j) **'Related Party Transaction'** means a transaction involving a transfer of resources, services or obligations 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; or
 - 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;

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:

Provided that the following shall not be considered as a Related Party Transactions:

- i. 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;
 - ii. the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - a) payment of dividend;
 - b) sub-division or consolidation of securities;
 - c) issuance of securities by way of a rights issue or a bonus issue; and
 - d) buy-back of securities.
 - iii. acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the SEBI.
- k) **'Relative'** means relative as defined under sub-section (77) of section 2 of the Act and rules prescribed there under, including any amendment or modification therein.
- l) **'SEBI Listing Regulations'** mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments thereof.
- m) **'Specified Transaction'** means the transaction which has been specified in Section 188 of the Act.
- n) **'Stock Exchange'** means the stock exchange where equity shares of the Company are listed.

All other words and expressions used but not defined in this Policy, but defined in the Act, the SEBI Listing Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

4.1 Approval mechanism for Related Party Transactions:

i. Approval by Audit Committee

All related party transactions and subsequent material modifications thereto shall require prior approval of the audit committee of the Company:

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

- a. 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 (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company

Provided that where the subsidiary of a 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 (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

- b. prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party, but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

ii. Omnibus approval of Related Party Transactions:

In the case of repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval. While granting omnibus approval, the Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and such approval shall be in the interest of the Company.

iii. Criteria for making the omnibus approval:

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall inter alia include the following, namely: -

- a. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- b. the maximum value per transaction which can be allowed;
- c. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- d. review. at such intervals as the Audit Committee may deem fit. Related Party Transaction entered into by the Company pursuant to each of the omnibus approval made;

- e. transactions which cannot be subject to the omnibus approval by the Audit Committee.

The omnibus approval granted by the Audit Committee shall indicate the following: -

- a) name of the Related Party(ies);
- b) nature and duration of the transaction;
- c) maximum amount of transaction that can be entered into;
- d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Where need of the Related Party Transaction cannot be foreseen and above details are not available, the Audit Committee may grant omnibus approval subject to the value per transaction shall not exceed by Rs.1,00,00,000/- (Rupees One Crore Only).

Provided that in case of transaction, other than Specified Transactions, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.

The omnibus approval provided by the Audit Committee shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of such financial year.

4.2 Approval by the Board

The Board shall approve the Related Party Transaction if:

- a) it is a Specified Transaction with such Related Party(ies) as defined under Section 2(76) of the Act and aforesaid transaction is not in the ordinary course of business or not at Arm's Length Basis; or
- b) the Audit Committee determines that a Related Party Transaction should be brought before the Board; or
- c) the Board in any case elects to review any Related Party Transaction *suo moto*.

Provided that in case of a transaction falling under Point no. (a). above, prior approval of the Board shall be required.

Provided that any member of the Board who has any interest in any related party transaction shall abstain himself from discussions and shall not vote to approve such related party transaction.

4.3 Approval by the Members

- A. The prior approval of the shareholders by way of an ordinary resolution shall be required in respect of Specified Transaction(s) with Related Party(ies) as defined under Section 2(76) of the Act and exceeds the following threshold limits;

Sr. No.	Nature of the Transaction	Threshold Limit
i.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent.*	Amounting to 10% or more of the turnover of the Company.
ii.	Selling or otherwise disposing of or buying of the property of any kind, directly or through appointment of agent.*	Amounting to 10% or more of the net worth of the Company.
iii.	Leasing of property of any kind.*	Amounting to 10% or more of the turnover of the Company.
iv.	Availing or rendering of any services, directly or through appointment of agent.*	Amounting to 10% or more of the turnover of the Company.
v.	Appointment of any Related Party to any office or place of profit in the Company, its subsidiary company or associate company.	Monthly remuneration exceeding two and half lakh rupees.
vi.	Underwriting the subscription of the securities or derivatives thereof, of the Company.	Remuneration for underwriting exceeding 1% of the net worth of the Company.

Note: *The limits specified in point no. (i) to (iv) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The turnover or net worth as mentioned in point no. (i) to (iv) above shall be computed on the basis of audited financial statement of the Company on standalone basis for the preceding financial year.

Provided further that no member of the company shall vote on above stated ordinary resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party:

- B.** All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through 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 the shareholders of the Company shall not be required for 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 the SEBI Listing Regulation are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that, Approval from the member shall not be required in the following cases:

- i. transactions entered between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- ii. transactions entered between two wholly owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall, in addition to the requirements under the Act, include the following information as a part of the explanatory statement:

- (a) A summary of the information provided by the management of the Company to the Audit Committee as specified in point 4.4 below;
- (b) Justification for why the proposed transaction is in the interest of the Company;
- (c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under point 4.4(f) below;
- (d) A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- (e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis;
- (f) Any other information that may be relevant.

4.4 Consideration by the Audit Committee/ Board in approving the proposed transactions:

The Company shall provide the following information, for review of the Audit Committee for approval of a proposed Related Party Transaction:

- a) Type, material terms and particulars of the proposed Transaction;
- b) Name of the Related Party and its relationship with the Company or its Subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed Transaction (particular tenure shall be specified);
- d) Value of the proposed Transaction;
- e) The percentage of the Company's annual consolidated turnover, for the immediately preceding Financial Year, that is represented by the value of the proposed Transaction (and for a Related Party Transaction involving a Subsidiary, such percentage calculated on the basis of the Subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the Transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its Subsidiary:
 - (i) details of the source of funds in connection with the proposed Transaction;
 - (ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
- g) Justification as to why the Related Party Transaction is in the interest of the Company;
- h) A copy of the valuation or other external party report, if any such report has been relied upon;
- i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;
- j) Any other information that may be relevant.

The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

The Audit Committee/ Board shall take into account all relevant facts and circumstances including the terms of the transaction, purpose of the transaction, benefits to the Company and benefit to the Related Party and any other relevant matters.

The Audit Committee/ Board shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- i. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction; and
- iv. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company.

4.5 Related party transactions not previously approved

In the event of any Director, Key Managerial Personnel or any other employee becoming aware of any of any Related Party Transaction(s) that has been omitted to be approved by the Audit Committee/ Board/ Members, as the case may be or is in deviation of this Policy, such person shall promptly inform to the Company Secretary about such transaction and such transaction shall be placed before the Audit Committee, Board or members, as the case may be, in accordance with this Policy for review and approval. The Audit Committee, Board or members, as the case may be, shall consider all relevant facts and circumstances and may decide necessary actions as it may consider appropriate including ratification, revision, or termination of such transaction.

4.6 Administrative measures

The Audit Committee shall be the Competent Authority for investigating and taking appropriate actions/ steps for prevention or remedy of any breach or defaults in complying with this Policy. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions of the Regulations.

5. DISCLOSURES

- i. As required under Section 188 of the Act read with the Rules made thereunder, all the Specified Transactions with related party(ies) as defined under the Act, which are not on arm's length basis or are material in nature, shall be disclosed in the Board's report of the Company.
- ii. The Company Secretary shall also make necessary entries in the Register of Contracts or Arrangement required to be maintained under the Act.
- iii. Details of all Material Related Party Transactions with its Related Parties shall be disclosed in the quarterly compliance report on corporate governance as per the provisions of SEBI Listing Regulations.

- iv. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Provided that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results.

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from 1st April, 2023.

- v. All the related parties who are parties to the agreements specified in clause 5A of para A of part A of schedule III of SEBI Listing Regulations shall inform the Company in accordance with regulation 30A of SEBI Listing Regulations.

6. NON-APPLICABILITY

Notwithstanding anything contained anywhere else in this policy, following shall be exempted from the purview of this policy:

i. Approval of Board

Approval of Board of Directors shall not be required for the transaction entered into by the Company with any other party, if such transaction is in the ordinary course of business and on an arm's length basis.

Provided that in case of transaction, other than Specified Transactions, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board then the Board shall review and approve such transaction.

ii. Approval of members

Approval of members shall not be required in case of transaction entered into by the Company in its ordinary course of business and on Arm's Length Basis. However, approval of members shall be required in case of Material Related Party Transaction irrespective of the fact that such transactions is in ordinary course of business and on an arm's length basis.

7. POLICY REVIEW AND DISSEMINATION

This Policy shall be reviewed by the Board at least once every three years and updated accordingly. However, Board shall have discretion to review this Policy at any point of time whenever they may deem fit and necessary to do the same,

The Company shall upload this Policy on its website and a web link of the same will be provided in the Annual Report.

8. INTERPRETATION

The Audit Committee of the Company shall, subject to supervision of the Board, interpret and administer this Policy in line with the broad intent of this Policy read with the applicable provisions of the Act, rules made thereunder, and the SEBI Listing Regulations.

In the event of any conflict between the provisions of this Policy and the Act or the SEBI Listing Regulations or any other statutory enactments or rules, the provisions of the SEBI Listing Regulations/ the Act or statutory enactments, rules made thereunder shall prevail over to this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force. Any subsequent amendment/modification in the Regulations shall automatically apply to this Policy.

9. AMENDMENT

The decision of the Audit Committee with regard to any or all matters relating to this Policy shall be final and binding on all concerned. The Audit Committee shall have the power to modify, amend or replace the Policy in part or full, as may be thought fit from time to time in their absolute discretion. Such modification, amendment or replacement shall be placed before the Board of Directors.

For and on behalf of the Board



Shivakumar Pattabhiraman
Managing Director

Place: New Delhi

Date: 6th February, 2024