

IP Rings Limited

Policy on materiality of related party transactions and

Policy on dealing with related party transactions

(Effective from 08.05.2023)

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and the rules made thereunder, the following policy has been adopted by the Board on the recommendation of the Audit Committee.

For the term related party and related party transactions the applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder, SEBI (LODR) Regulations and other applicable provisions has to be considered by the finance head for presenting the details before the Audit Committee or the Board of Directors or the Shareholders as the case may be.

The Company shall not enter into contracts or arrangement with a related party without the prior approval of the Audit Committee. All subsequent material modification to such contracts or arrangement shall also require prior approval of the Audit Committee. For administrative convenience, the Audit Committee would provide omnibus approval annually for the estimated value of transactions with each specified related party for any transaction individually or taken together with previous transaction(s) during a financial year not exceeding ten percent of the annual consolidated turnover of the Company as per the last audited financial statements. On a quarterly basis, the Audit Committee shall review the transactions conducted with related parties under the contracts or arrangements including modifications to existing contracts or arrangements, if any, with related parties vis-à-vis omnibus approval provided earlier; and consider approval.

Audit Committee shall also approve material transaction between subsidiary of the entity and its related party or subsidiary of related party or any person / entity, if the purpose and effect of such transaction would benefit related party of the entity or any of its subsidiary, provided such transaction individually or taken together with previous transactions during the financial year exceeds ten percent of the annual standalone turnover as per the last audited financial statements.

A transaction with the related party shall be considered "material" if the transaction / transactions to be entered, either individually or taken together with previous transactions with such related party during the financial year, exceeds ten percent of the annual standalone turnover as per the last audited financial statements of the Company or rupees one thousand crore, whichever is lower.

All “material” related party transactions and subsequent material modification(s) to such transaction will be placed for the approval of the shareholders of the Company.

Transactions involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered either 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.

Material modification means and includes any modification to the related party transaction(s) which shall result in change / impact on the transaction value by 25% which was already approved by the Audit Committee / Board / shareholders respectively or not at arm’s length or such other circumstances making it not in the ordinary course of business and at arm’s length basis.

Transactions with wholly owned subsidiaries and between wholly owned subsidiaries are exempt for all approvals provided they are in ordinary course of business and at arm’s length.

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. For this, the provisions in the transfer pricing guidelines, IND AS, Companies Act, 2013, SEBI (LODR) Regulations and other applicable provisions has to be considered.

In the event such contract or arrangement is not in the ordinary course of business or at arm’s length, the Company shall comply with the provisions of the Companies Act, 2013 and rules framed thereunder and obtain approval of the Audit Committee or Board or its shareholders, as applicable as per law, for such contract or arrangement.

All transactions involving transfer of resources, services, or obligations between a company or any of its subsidiary and a related party or any of its subsidiary or any other person / entity the purpose / effect of which would benefit related party or any of its subsidiary regardless of whether a price is charged or not, are considered related party transactions as per SEBI regulations.

Company shall not give any loan / advance / guarantee directly or indirectly to any director, director of the holding company, or any partner or relative of any such director and anybody corporate in which he or his relative are interested subject to conditions laid down by the Companies Act, 2013 and rules framed thereunder. Company shall not directly or indirectly give loan or give any guarantee or security in connection with loan to any person or body corporate exceeding prescribed limits. However, such restrictions would not apply to transactions with wholly owned subsidiaries.

Contracts or arrangements approved not in the ordinary course of business or at arm's length shall be disclosed in the Board's Report along with justification for entering such contract or arrangement. Company shall maintain a register of such contracts and disclose transactions with related parties in its annual report and material related party transactions in Corporate Governance Report or as per applicable provisions.

In the event the Company becomes aware of a transaction with a related party that has not been approved under the policy or as per the applicable rules and regulations, the Audit Committee shall examine all facts and circumstances pertaining to non-reporting of such RPT and shall take such action as it may deem appropriate on the parties and for compliance with the provisions.

The onus for compliance is on the respective finance head to refer the related party transactions to the Audit Committee or the Board of Directors or the Shareholders as the case may be.

The details as prescribed under the Companies Act, 2013 and the rules made thereunder and the SEBI (LODR) Regulations also has to be considered for placing the details before the Audit Committee or the Board of Directors or the Shareholders as the case may be.

The approving authority shall consider the factors/ points listed under the Companies Act, 2013 and the rules made thereunder and the SEBI (LODR) Regulations among others.

POLICY REVIEW & AMENDMENT

This Policy is framed based on the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 / Companies Act, 2013 and other applicable provisions.

In case of any provision(s) of this policy is inconsistent with any law, the provisions of such law will be applicable to such extent.

This Policy shall be reviewed as per the statutory requirements. Any changes or modification in the Policy would be approved by the Board of Directors and the decision of the Board in this respect shall be final and binding.

In case of any subsequent changes in the laws, which make any of the provisions in the Policy inconsistent with the laws, then the provisions of the such law would prevail over the Policy to that extent and the policy shall be deemed to be modified to such extent and remaining portion of the policy will continue to apply. The provisions in the Policy would be modified in due course to make it consistent with law.

The Company reserves its right to amend or modify this policy in whole or part, at any time without assigning any reason whatsoever.