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**POLICY OF RELATED PARTY TRANSACTIONS**

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**Version – R4**

**Effective 10<sup>th</sup> February, 2022**

[Pursuant to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as approved by the Board of Directors in their Meeting held on 10<sup>th</sup> February, 2022]

**IVP Limited**

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IVP LIMITED  
POLICY ON RELATED PARTY TRANSACTIONS

**1. PREAMBLE:**

Based on the recommendation of the Audit Committee, the Board of Directors of the Company has adopted the following Policy and procedure with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Laws and Regulations. The Audit Committee will review the same from time to time and propose the amendment required in the policy to the Board of Directors.

**2. PURPOSE:**

Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder (“Companies Act”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) require the companies to have enhanced transparency and due process for approval of the related party transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board.

Accordingly, the Board of Directors (“Board”) of the Company has adopted the following policy with regard to related party transactions.

**3. DEFINITIONS:**

“**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.

“**Associate Company**” means a Company which has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture Company.

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of the Listing Regulations as well as the Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Companies Act, 2013.

“**Company**” means IVP Limited.

**“Key Managerial Personnel”** mean key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-Time Director;
- (iv) the Chief Financial Officer
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed

**“Material Related Party Transaction”** in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, 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.

Notwithstanding the above, a transaction 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 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.

**“Policy”** means this Policy on Related Party Transactions.

**“Relative”** shall have the same meaning as assigned to it under section 2(77) of the Companies Act and the Rules made thereunder.

**“Related Party”** in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act or under applicable accounting standards and clause 2(zb) of SEBI Listing Regulations.

**“Significant Influence”** means control of at least 20% of the total voting power or control of or participation in business decisions under an agreement.

**“Related Party Transaction”** (“RPTs”) means transactions as referred in clause 2(zc) of SEBI Listing Regulations.

#### **4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:**

- All Related Party Transactions must be reported to the Audit Committee and referred for approval of the Committee or the Board or the Shareholders as required under this Policy.
- Identification of Related Party Transactions:
  - Each Director and Key Managerial Personnel is responsible for providing notice to the Board/Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
  - As regards transactions with Related Parties that require prior approval of the Board/Audit Committee, the Chief Financial Officer shall be responsible to notify the Board/ Audit Committee of any such potential Related Party Transactions.

- Such notice of any potential Related Party Transaction shall be given well in advance to the Board/ Audit Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

➤ **Approval for Related Party Transactions**

The Company shall not enter into any Related Party Transaction except as stated hereinafter.

❖ Transactions requiring approval of Audit Committee:

Related party transactions along with subsequent material modifications will be referred to the next regularly scheduled Meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the Meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction by not being present at the Meeting.

All the transactions which are identified as Related Party Transactions along with material modifications should be pre-approved by the Audit Committee before entering into such transaction. Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions

A related party transaction to which the subsidiary of the Company is a party but the listed entity 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 consolidated turnover, as per the last audited financial statements of the Company. *(This provision shall be effective from 1<sup>st</sup> April, 2022)*

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. *(This provision shall be effective from 1<sup>st</sup> April, 2023)*

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

**The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:**

The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company. Provided that where the need for Related Party Transaction cannot be foreseen and details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

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 approval given.

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

The provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company & transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general Meeting for approval.

Identification of Material modification in a particular related party transaction shall be the responsibility of the Chief Executive Officer of the Company.

#### **Information to be reviewed by the Audit Committee for approval of RPTs:**

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

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity 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 listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT 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 listed entity 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;

- iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity; h.
- 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 RPT on a voluntary basis;
- j. Any other information that may be relevant

❖ Transactions requiring approval of Board:

- Related Party Transactions which are not in the ordinary course of business or not at arm's length price.
- Material Related Party Transactions.

❖ Transactions requiring approval of Shareholders of the Company:

All material related party transactions shall be carried out as per provisions of the Act.

If a related party transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

All material related party shall require prior approval of the shareholders through resolution and no related party shall vote such resolutions whether the entity is a related party to the particular transaction or not.

However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general Meeting for approval.

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

- a. A summary of the information provided by the management of the listed entity to the Audit Committee as specified above;
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity 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 RPT, on a voluntary basis;
- f. Any other information that may be relevant.

➤ **Approval & Review Mechanism:**

- While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.
- The Audit Committee may grant omnibus approval for Related Party Transactions considering the repetitive nature of the transactions.
- The Audit Committee, shall, after being authorized by the Board of Directors, specify the criteria for granting omnibus approvals to the Related Party Transactions proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such omnibus approvals shall be valid for one financial year. The Audit Committee shall, while granting such omnibus approvals, satisfy itself about the adherence to the criteria so specified by it.
- The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company.
- Such omnibus approval shall be valid for a period not exceeding 1 year, and shall require fresh approval after expiry of 1 yr.
- In case of any Related Party Transactions that cannot be foreseen or transactions in respect of which complete details are not available, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs.1 crore per transaction in a financial year.
- Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the Meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.
- The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.
- On a quarterly basis, the management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions.

**5. DISCLOSURES/DISSEMINATION:**

- Appropriate disclosures as required under the Act and Listing Regulations shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under these Laws.
- The Company shall disclose details of Related Party transactions every six months within 15 days from the date of publication of its standalone and consolidated financial results. *(This provision shall be effective from 1<sup>st</sup> April, 2022)*
- Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results. *(This provision shall be effective from 1<sup>st</sup> April, 2023)*

**6. GENERAL**

- The Policy would be subject to revision/amendment in accordance with the Laws. The Board of Directors shall review this Policy at least once in 3 years for making suitable amendments for better implementation of the Policy.
- The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered

to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

- In any circumstance where the terms of this Policy differ from any law, rule, regulation etc. for the time being in force, the law, rule, regulation etc. shall take precedence over this Policy.
- Any subsequent amendment/modification in the Act, SEBI regulations and/or other applicable laws in this regard shall automatically apply to this Policy. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
- This policy is approved by the Board at its Meeting held on 10<sup>th</sup> February, 2022.