



IMPEX FERRO TECH LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION AND ON DEALING WITH RELATED PARTY TRANSACTION

SCOPE AND PURPOSE OF THE POLICY

Pursuant to the requirements of approval of Related Party Transactions (RPT) as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), Impex Ferro Tech Limited (the Company) has formulated guidelines for identification of related parties transactions and the corresponding conduct and documentation of all related party transactions to avoid a potential or actual conflict of interest which may otherwise be against the best interest of the Company and its shareholders.

As specified in Regulation 23(1) of the SEBI Listing Regulations, the Company is required to formulate a policy on materiality of related party transactions and dealing with related party transactions including clear threshold limits duly approved by the Board of directors and such policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

In the view of the above, the Company has formulated a Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions ("Policy") pursuant to the SEBI Listing Regulations and as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

This Policy has been framed as per the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations subject to such further modification(s) / amendment(s) / re-enactment(s) thereof if any for time being to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out

- (i) the materiality thresholds for related party transactions and;





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- (ii) the manner of dealing with the transactions between the Company and its related parties based on the applicable provisions of the Companies Act, 2013, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company for time being.

DEFINITIONS

- i. **“Act”** means the Companies Act, 2013 read with the Rules framed there under including any modification(s)/amendment(s)/re-enactment(s) thereof for time being.
- ii. **“SEBI Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modification(s)/amendment(s) /re-enactment(s) thereof for time being.
- iii. **“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.
- iv. **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association of the Company.
- The Board of Directors/Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.
- v. **“Company”** means Impex Ferro Tech Limited.
- vi. **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed there under.
- vii. **“Related Party”** have the meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof].

Provided that any person or entity belonging to the Promoter or Promoter group of





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the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

- viii. **"Related Party Transaction (RPT)"** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 means transfer of resources, services or obligations between the Company and a related party, regardless of whether 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 or arrangement.
- ix. **"Audit Committee"** means Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 and as per Regulation 18 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- x. **"Board"** means Board of Directors of the Company.
- xi. **"Material Related Party Transaction"** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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 into individually or taken together with previous transactions during a financial year, exceeds two percent (2%) of the Annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

- xii. **"Key Managerial Personnel" or "KMP"** shall have the meaning as defined under sub section 51 of Section 2 of the Companies Act 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.





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MATERIALITY THRESHOLDS

The Company has to provide materiality threshold limits for transactions which shall require 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 as per Regulation 23 of the SEBI Listing Regulations. Accordingly the Company has fixed the materiality threshold limit exceeding 10% of the annual consolidated turnover of the Company as per last audited financial statements for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

Further, 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 into individually or taken together with previous transactions during a financial year, exceed two percent (2%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company pursuant to regulation 23(1A) of the SEBI Listing Regulations.

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of the Audit Committee

All Related Party Transactions shall require prior approval of the Audit Committee.

However, the Company may obtain omnibus approval from the Audit Committee for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. 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;
- 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 Audit Committee shall specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following namely:
 - i. The name(s) of the related party, nature of transaction, period of transaction,





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maximum amount of transaction 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 condition as the audit committee may deem fit

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.00 Crore (Rupees One Crore) per transaction.

The Board of Directors has approved the omnibus approval obtained from the Audit Committee for Related Party Transactions proposal valid for a financial year subject to further renewal of the same.

- d. 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 approval given;
- e. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- g. For transactions entered into between a holding company and its wholly owned Subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval, approval of Audit Committee and approval of Board of Directors is not required.
- h. Any other conditions as the Audit Committee may deem fit.

B. Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section proposed to be entered by the Company with a Related Party (i) other than in ordinary course of business; and / or (ii) other than on arm's length basis, shall





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require prior approval of the Board of Directors of the Company, by means of passing of resolution at a Board Meeting.

Where any director is interested in any contract or arrangement with a related party, such director shall not participate at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

C. Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds are placed before the shareholders for approval through resolution. For this purpose, all entity falling under the definition of related party shall not vote to approve on such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act read with rules made there under, including any statutory modification, amendment thereof as may be issued from time to time, transactions exceeding limits as tabled below shall require approval of shareholders by through a resolution.

TRANSACTIONS COVERED	TRANSACTION VALUE
Sale, purchase or supply of any goods or materials directly or through appointment of agents *	Amounting to 10% or more of the Turnover or Rs. 100 Crores whichever is lower.
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents *	Amounting to 10% or more of the Net Worth or Rs.100 Crores, whichever is lower.
Leasing of property of any kind*	Amounting to 10% or more of Turnover or Net Worth or Rs. 100 Crores, whichever is lower.
Availing or rendering of any services directly or through appointment of agents*	Amounting to 10% or more of Turnover or Rs. 50 Crores, whichever is lower.
Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate	At a monthly remuneration exceeding Rs. 2.50 Lakh.





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Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	Exceeding 1% of Net Worth.
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* The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

Explanation - The Turnover or Net Worth referred above shall be calculated on the basis of the Audited Financial Statements of the preceding financial year.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. The Audit Committee has authority to modify or waive any procedural requirements of this Policy.

EXISTING RELATED PARTY TRANSACTIONS (RPT)

This Policy shall operate prospectively and all the agreements which have been entered before the effective date of this Policy and are in accordance with the then prevailing laws shall be valid and effective.

This Policy will be communicated to all Directors, KMPs, functional heads and other concerned executives of the Company.

DISCLOSURES

- Every contract or arrangement entered with Related Parties under Section 188 (1) of





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the Act shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement. This Policy will also be uploaded in the website of the Company and the web link will be provided in the Annual Report.

- Pursuant to Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

AMENDMENT

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time either through Board or Committee of Directors approval.

This Policy shall be effective from 1st April, 2019 and it shall be hosted on the website of the Company.

