



INDRAPRASTHA GAS LIMITED

Policy

On

Materiality of Related Party Transactions and also on dealing with Related Party Transaction

1. PREAMBLE

This Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transaction (“Policy”) is prepared and adopted to build a framework for the Related Party Transactions of Indraprastha Gas Limited (“IGL” or “Company”), in accordance with the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 read with the provisions of the Companies Act, 2013 and relevant Rules made there under; as amended from time to time. This Policy shall regulate the transactions between the Company and its Related Parties as per the requirements and disclosures under the applicable laws, rules and regulations.

2. PURPOSE OF THE POLICY

SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred to as the ‘Listing Regulations’) requires all listed Companies to formulate a policy on materiality of related party transactions and also dealing with related party transactions to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

Accordingly, this Policy is prepared for the identification and regulation of the related party transactions keeping in view the provisions of the Companies Act, 2013 and the Rules prescribed there under and the Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. APPLICABLE DEFINITIONS

3.1. Act means the Companies Act, 2013 and includes Rules made thereunder.

3.2. Arms' length transaction (ALP) means a transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

3.3. Board means the Board of Directors of IGL;

3.4. Committee means the Audit committee as defined under the Act and the Listing Regulations

3.5. Company means 'Indraprastha Gas Limited' or 'IGL';

3.6. Key Managerial Personnel or KMP means key managerial personnel as defined under the Act, and includes:

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer
- (iv) 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;

3.7. 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 ten percent of the annual consolidated turnover as per the last audited financial statements of the Company;

3.8. Policy means this Policy on Related Party Transactions.

3.9. “Listing Regulations” means ‘the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

3.10. Related Party means: related party

- I. As per the Act, if an entity falls under Section 2(76) and under Rule 3 of The Companies (Specification of definitions details) Rules, 2014 and including any amendments thereof.
- II. As per Regulation 2(1)(zb) of the Listing Regulations or any amendment thereof.
Presently, an entity shall be considered as related to the Company if:
 - a. such entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. such entity is a related party under the applicable accounting standards.

3.11. Relative means relative as defined as per sub section (77) of Section 2 of the Act and Rules prescribed thereunder and the Regulation 2(1)(zd) of Listing Regulations.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, or any other applicable law or regulation.

1. THE POLICY

Following is the structure of dealing with transactions with Related Parties with the Company:

- Identification of potential Related Party Transactions;
- Approval of Related Party Transactions; and
- Disclosure of Related Party Transactions.

1.1. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS;

A. Determination of Related Party Transaction

Following transaction(s) entered into with a related party under the provisions of the Act or the Listing Regulations shall be considered as Related Party Transactions:

- Sale, Purchase or Supply of any goods or materials;
- Selling or otherwise disposing of, or buying property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and

- Underwriting the subscription of any securities or derivatives thereof, of the Company.
- Any other transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether a price is charged.

B. Nature of Transaction

All the potential Related Party Transactions shall be reviewed in detail by the Audit Committee. Audit Committee shall determine whether the said transaction is fair and is being carried out on an arm's length basis. Lastly, the Committee shall take note whether the Related Party Transaction would lead to an improper conflict of interest for any Director or Key Managerial Personnel of the Company or any Related Party. The criteria for determination of the same are mentioned below:

(i) Determination of Ordinary Course of Business

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company,

- a. in the normal routine in managing trade or business,
- b. is permitted by the Memorandum of Association of the Company;
- c. the transaction fall under the purview of the business objectives, operational activities and/or financial activities or;
- d. meets any such other criteria as may be decided by the Board/ Audit Committee

(ii) Determination of Arms' length nature of the Related Party Transaction

- a. Price Determination

At the time of determining the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms' length pricing as per applicable Laws, internal procedures and/or guidelines of the Company.
- (ii) To rely on professional opinion in this regard.
- (iii) Quotations shall be invited from all the players in the market irrespective of the relationship and price of the contract and/or arrangement shall be decided without any deviation and on uniform basis or by such any other mechanism as may be decided by the Audit Committee and/or by Board.

b. Selection of arms' length Related Party Transaction

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and other terms and conditions as may be applicable in case of an unrelated party.
- (ii) Credit Limits extended to the related party must be usual as for unrelated parties.

1.2. APPROVAL OF RELATED PARTY TRANSACTIONS:

Matrix for approval of related party transactions (RPT):

Nature of Transaction	Audit Committee		Board of Directors		Shareholders	
	Companies Act, 2013	Listing Regulations	Companies Act, 2013	Listing Regulations	Companies Act, 2013	Listing Regulations
Ordinary Course of Business and at arm's length	Yes	Prior approval	Exempted	-	Exempted	Yes, if material related party transaction
Not in Ordinary Course of Business or not at arm's length	Yes	Prior approval	Yes, prior approval of the Company before entering into any contract or arrangements mentioned under sub-section (1) of Section 188	-	Yes, prior approval of the Company if beyond the limits as specified in Rule 15 of The Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014	Yes, if material related party transaction

I. Restriction on Voting rights of related parties

- a. As per Companies Act, 2013, no member of the company shall vote on a resolution to approve the contract or arrangement, if such a member is a related party in context to the contract or arrangement for which the said resolution is being passed.
- b. As per Listing Regulations, all entities falling under the definition of related parties shall abstain from voting on a Material Related Party Transaction irrespective of whether the entity is a party to the particular transaction or not.

II. As per the Companies Act, 2013 if the Related party transactions under Section 188 falls under the following limits prior approval of the shareholders by resolution will be required

Limits as per Rule 15 of The Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014

Sl. No.	Nature of related party transaction	Criteria
I	Sale, purchase and supply of any goods or materials, directly or through appointment of agent	Amounting to 10% or more of the turnover of the company or Rs. 100 crores whichever is lower
II	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Amounting to 10% or more of net worth of the company or Rs. 100 Crores, whichever is lower
III	Leasing of property of any kind	Amounting to 10% or more of net worth of the company or 10% or more of the turnover of the company or Rs. 100 Crores, whichever is lower
IV	Availing or rendering of any services, directly or through appointment of agent	Amounting to 10% or more of the turnover of the company or Rs. 50 Crores, whichever is lower

V	Appointment of any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs 2.5 lacs
VI	Remuneration for underwriting the subscription of any securities or derivative	Exceeding 1 % of net worth

Explanation- It is hereby clarified that the limits specified in sub-clauses (I) to (IV) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

III. Approval of shareholders for entering into transactions with wholly owned subsidiary, whose accounts are consolidated with that of the Company, will not be required, even if the transaction(s) exceeds the limits prescribed under Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 or is a Material Related Party Transaction.

Further approval of audit committee, will not be required for transactions other than those mentioned in Section 188, entered into with its wholly owned subsidiary

IV. The Audit Committee may give omnibus approval for related party transactions, which are repetitive in nature, subject to compliances with the relevant provisions of the Act and Listing Regulations.

V. Where the Audit Committee does not approve any related party transaction other than those mentioned in Section 188, then it shall recommend the same to the Board.

1.3. DISCLOSURE OF RELATED PARTY TRANSACTIONS

- i. Every related party transaction entered into shall be disclosed to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- ii. Adequate disclosure of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- iii. The Company shall disclose the Policy on dealing with Related Party Transactions on its website and also a web link thereto shall be provided in the Annual Report.
- iv. A register of Related Party Transactions shall be maintained as per the Act and placed before the Board and signed by all the Directors present at the Meeting.
- v. Related Party relationship and transactions with them shall be disclosed in the Financial Statements as per the requirements of relevant Accounting Standards and the Listing Regulations.

2. OTHER MISCELLANEOUS MATTERS

- a. Where the Company becomes aware of a Related Party Transaction not exceeding Rs 1 crore with a Related Party that has not been approved by the Audit Committee prior to its implementation, the matter shall be reviewed by the Audit Committee. In such circumstance, the Committee shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction as per the applicable provisions within three months of the transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In case where the Committee does not deem it fit to ratify a Related Party Transaction that has been commenced without approval, the Committee, may direct additional actions including, but not limited to, immediate discontinuation of the transaction, as appropriate. The Committee shall also have the authority to modify or waive any procedural requirements of the Related Party Transaction to suit the modus operandi of this Policy.

- b. Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or shareholders and if it is not ratified by the Board or, as the case may be, by the shareholders within three months from the date on which such contractor arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders.
- c. If the Audit Committee/Board/Shareholders decides, not to ratify a particular transaction, then it may direct additional actions including, but not limited to, immediate discontinuation of the transaction, as appropriate.

3. CONFLICT IN POLICY

In the event of conflict or inconsistency between the provisions of this policy and the provisions of the applicable laws, the policy shall be construed and interpreted in consonance with the applicable laws and in the failure of such harmonic interpretation and construction, the regulatory provisions shall prevail.

4. REVIEW

The Board shall, as may be required, assess the adequacy of this Policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, laws applicable and the best practices. Any amendment to this policy will be in writing.