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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

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

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) 'Related Party(ies)' shall have the same meaning as defined under the Act and/ or SEBI Listing Regulations including all amendments and modifications thereof from time to time.

In case any person or entity which is not a related party to the Company under the Act or under SEBI Listing Regulations but such person or entity belongs to promoter or promoter group of the Company and holds 20% or more of shareholding in the Company then such person or entity shall be deemed to be a related party of the Company.

i) 'Related Party Transaction' means transfer of resources, services or obligations between the Company and a Related Party, regardless 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.

j) '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.

k) 'SEBI Listing Regulations' mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments thereof.

l) "Specified Transaction" means the transaction which has been specified in Section 188 of the Act.

m) '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 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. All Related Party Transactions shall require **PRIOR** approval of the Audit Committee.

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.

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;

S. 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 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.	Monthly remuneration exceeding two and half lakh rupees.
vi.	Underwriting the subscription of any 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:

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- B.** All Material Related Party Transactions shall require approval of the shareholders by way of an ordinary resolution and no Related Party(ies) shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

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

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:

- a) 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;
- b) 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;
- c) 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
- d) 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 and / 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.

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- 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. In addition to the above, on and after 01 April 2019, 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.

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



**P. Shivakumar
Managing Director**

Place : New Delhi

Date : 3rd February, 2020