

	<b>Policy on Materiality of Related Party Transactions and on Dealing With Related Party Transactions</b>	Document No.	<b>IGI-SEC-03</b>
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## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS**

### **A. Preamble**

The Board of Directors (the “Board”) of Igarashi Motors India Limited (the “Company” or “IMIL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

The Audit Committee and Board will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

### **B. Purpose**

As per requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this Policy is framed to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

### **C. Definitions**

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

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

“**Control**” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 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

“**Material Related Party Transaction**” transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified under Regulation 23(1) and Schedule XII of these regulations.

**“Policy”** means policy on materiality of related party transactions and on dealing with related party transactions.

**“Related Party”** means related party as defined in Regulation 2(1)(zb)/(zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 2(76) of Companies Act, Ind AS 24;

A **‘related party’** is a person or entity:-

- i. belonging to the promoter or promoter group irrespective of their shareholding
- ii. holding equity shares in the company, either directly or on a beneficial interest basis at any time during the immediately preceding financial year to the extent of **20%** or more;  
(Applicable from April 01, 2022)
- iii. holding equity shares in the company, either directly or on a beneficial interest basis at any time during the immediately preceding financial year to the extent of **10%** or more;  
(Applicable from April 01, 2023)

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person’s family is related to a company if that person:

a. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:

- i. a director or his relative ;
- ii. a key managerial personnel or his relative ;
- iii. a firm, in which a director, manager or his relative is a partner ;
- iv. a private company in which a director or manager is a member or director ;
- v. a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;
- vi. anybody corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
- vii. any person under whose advice, directions or instructions a director or manager is accustomed to act :  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii. any company which is –
  - a. a holding, subsidiary or an associate company of such company ; or
  - b. a subsidiary of a holding company to which is also a subsidiary

- ix. Director or key managerial personnel of the holding company or his relative with reference to a company; or
  - b. has control or joint control or significant influence over the company; or
  - c. is a key management personnel of the company or of a parent of the company; or
2. An entity is related to a company if any of the following conditions applies:
- a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
  - b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
  - c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
  - d. Both entities are joint ventures of the same third party; or one entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
  - e. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
  - f. The entity is controlled or jointly controlled by a person identified in (1)
  - g. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity);

**“Related Party Transaction”** means any transaction involving a transfer of resources, services or obligations between:

- (i) a company or any of its subsidiaries on one hand and a related party of the company or any of its subsidiaries on the other hand; (Applicable from April 01, 2022) or
  - (ii) a company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the company or any of its subsidiaries, (Applicable from April 01, 2023);
- regardless of 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

**“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ;
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter

- viii. Daughter's husband
- ix. Brother ( including step-brother)
- x. Sister (including step-sister)

## **D. Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Independent Directors of Audit Committee in accordance with this Policy.

### **1. Identification of Potential Related Party Transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Board or 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. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

### **2. Prohibitions related to Related Party Transactions**

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

Further, all Material Related Party Transactions shall require approval of the shareholders through an ordinary resolution and the Related Parties shall abstain from voting on such resolutions.

### **3. Review and Approval of Related Party Transactions**

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters like :

- ❖ The name of the related party and nature of relationship
- ❖ The nature, duration of the contract and particulars of the contract or arrangement
- ❖ The material terms of the contract or arrangement including the value, if any;
- ❖ Any advance paid or received for the contract or arrangement, if any;
- ❖ The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract.

- ❖ Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- ❖ Valuation /expert report if any
- ❖ Any other information relevant or important for the Board to take a decision on the proposed transaction
- ❖ Material changes in related party transactions
- ❖ Justification for related party transactions in the interests of the Company
- ❖ The percentage of turnover of consolidated financial statements of the Company that is represented by the proposed value of transaction
- ❖ nature, duration and material terms of the transaction (including payment/price, credit terms);
- ❖ value of the proposed transaction and value as a percentage of listed entity's/ subsidiary's turnover;
- ❖ rationale and business purpose;
- ❖ any alternative considered and commercial justification;
- ❖ material risks and mitigation;
- ❖ any external valuations/fairness opinions;

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the Related Party Transaction would affect the independence of an independent Director;
- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

All RPTs and subsequent material modifications require prior approval of the Audit Committee. Only the members of the Audit Committee who are independent directors shall approve RPTs, as required by Regulation 23. The AC may grant omnibus approval for repetitive RPTs for up to one year subject to conditions laid down in LODR (value ceilings, nature of transaction, rationale, maximum aggregate value, arm's length certification and review).

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- a) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party
- c) RPTs which are not in the ordinary course of business or not at arm's length will require Board approval (other than those solely requiring AC approval under LODR).

#### **4. Type of related party transactions in the ordinary course of business entered by the Company:**

- sale, purchase, of supply of any goods including capital goods, or materials,
- selling or otherwise disposing of, or buying leasing of property any kind,
- availing or rendering of any services,
- appointment for purchase or sale of goods, materials, services or property
- Transactions relating to loans, inter-corporate deposits, advances or investments
- Any other transaction involving a transfer of resources /services or obligations

#### **5. Related Party Transactions undertaken without prior approval as required under this Policy**

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material RPT
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions

(v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

## 6. Others

- i. The Company shall disclose RPTs in the financial statements (Ind AS 24) and the Board's Report and shall provide the half-yearly disclosure of RPTs in the format prescribed under Regulation 23(9);
- ii. Non-compliance with this policy or LODR requirements will be reported to the Audit Committee and the Board and appropriate remedial steps (including ratification, disclosure of reasons, and corrective governance actions) will be taken. Persistent breaches will be escalated for legal and regulatory action as appropriate.
- iii. Any director or KMP or related party with interest in a transaction shall disclose the nature of their interest and recuse themselves from deliberations/ voting at the AC/Board/Shareholder meeting in accordance with law

## 7. Scope Limitation

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / the Act or any other statutory enactments, rules, the provisions of such Listing Regulations / the Act or statutory enactments, rules shall prevail over this Policy.

## 8. Disclosures

The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Provided further that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23 of SEBI LODR.

The Revised RPT Standards are applicable\* to (effective from September 01, 2025):

- All RPTs placed for review and approval by the Audit Committee under Regulations 23(2) and 23(3) of the LODR Regulations.
- Material RPTs as defined under Regulations 23(1) and 23(1A) of the LODR Regulations, which require approval from both the Audit Committee and shareholders.

\*Except Transactions with a related party (individually or cumulatively during a financial year) that do not exceed Rs. 1 crore, including those approved via ratification.



## 9. Policy Commencement

This Policy comes into effect from April 01, 2014.

The Audit Committee reviewed and changes approved in this Policy on

- February 09,2022
- January 10,2023
- November 06, 2025 (Latest Amendment)

The Audit Committee and the Board periodically review and approve this policy to ensure compliance in all related party transactions.