



INDRADHANUSH GAS GRID LIMITED

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

The Board of Directors of Indradhanush Gas Grid Limited ("Company" / "IGGL") has adopted the Related Party Transaction Policy and Procedures with regard to Related Party Transactions as defined below. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws, rules and regulations.

2. PURPOSE

This policy ensures transparency, fairness, and compliance with legal requirements under the Companies Act 2013 ("Act") for Related Party Transactions (RPTs). It aims to prevent conflicts of interest and protect shareholder interests.

This Policy shall supplement Company's other policies/ procedures/ practices/ Delegation of Powers etc. which require approval of the Transactions/ Contracts/ Arrangement in specified manner and by specified authority. If there are more than one set of requirements due to application of multiple laws and regulations, the endeavor will be based on the compliance principle which would meet the higher governance standards.

3. DEFINITIONS

3.1 "Arm's Length Transaction" refers to a transaction between Related Parties conducted on terms and conditions equivalent to those prevailing in transactions between unrelated entities under normal market circumstances. Such transactions ensure no conflict of interest arises, as stipulated under Section 188(1) of the Companies Act, 2013.

3.2 "Associate Company" in relation to another Company means Company as defined in Section 2(6) of the Companies Act, 2013 i.e.

A Company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation—For the purpose of this clause,—

(a) the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;



(b) *the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;*

3.3 "Audit Committee" means the Audit Committee of the Board constituted from time to time under the Section 177 of the Companies Act, 2013.

3.4 "Board" means the Board as defined in Section 2(10) of the Companies Act, 2013.

3.5 "Key Managerial Personnel" means Key Managerial Personnel (KMP) as defined in Section 2(51) of the Companies Act, 2013 i.e.

- (i) the Chief Executive Officer or Managing Director or 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

3.6 "Ordinary Course of Business" includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. In law, the ordinary course of business covers the usual transactions, customs and practices of a certain business and of a certain firm. Indicative factors for determining term ordinary course of business:

- (i) is normal or otherwise remarkable for particular business (i.e. features in system, processes, advertising, staff training, rent etc.)
- (ii) is frequent and regular
- (iii) involves significant amounts of money
- (iv) is a source of income for business
- (v) involves significant allocation of resources
- (vi) is involved in a service or product that is offered to customers

The following transactions with Related Parties are considered to be in the ordinary course of business:

- (i) Transmission of Natural Gas.
- (ii) Purchase or Sale of Goods/Materials/ Natural Gas etc. related to the Company's business.
- (iii) Hiring of Manpower/Staff on deputation or secondment from Promoter Companies.
- (iv) Training and Development of the Company's Manpower/Staff.
- (v) Acquisition of Right of Use (RoU) from a Promoter Company or cost-sharing

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of RoU with a Promoter Company for pipeline installation as part of the Company's project.

- (vi) Leasing or Renting Property for official purposes, including use as a Corporate Office, Site Office, RT/DT/SV/IP Station, etc.
- (vii) Availing Professional Services, such as Project Management Consultancy and Engineering Services.
- (viii) Operation & Maintenance (O&M) related Services
- (ix) Leasing of optical fibre
- (x) Guest House services

This list is illustrative and not exhaustive.

3.7 “Related Party” - As per Section 2(76) of the Companies Act, 2013, Related Party means:

- (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 or relative is a member or Director;
- (v) a public company in which a Director or manager is a Director and holds along with his relatives, more than 2% of its paid-up share capital;
- (vi) any body 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 on 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 body corporate which is-

- A. a holding, subsidiary or an associate company of such company;
- B. a subsidiary of a holding company to which it is also a subsidiary;
- or
- C. an investing company or the venturer of the company;

Explanation—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- (ix) A Director (other than Independent Director) or KMP of the holding company of such company or his relative.

The Indian Accounting Standard (Ind AS 24), inter-alia, defines related party as “parties are considered to be related if at any time during the reporting period one



party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions”.

The Accounting Standard deals only with related party relationships described in (a) to (e) below:

- (a) entities that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting entity (this includes holding companies, subsidiaries and fellow subsidiaries);
- (b) associates and joint ventures of the reporting entity and the investing party or venturer in respect of which the reporting entity is an associate or a joint venture;
- (c) individuals owning, directly or indirectly, an interest in the voting power of the reporting entity that gives them control or significant influence over the entity, and relatives of any such individual;
- (d) key management personnel and relatives of such personnel; and
- (e) entities over which any person described in (c) or (d) is able to exercise significant influence. This includes entities owned by directors or major shareholders of the reporting entity and entities that have a member of key management in common with the reporting entity.

3.8 “Related Party Transaction” (RPT) refers to any transaction between a company and its related parties that involves the transfer of resources, services, or obligations.

Provided that the following shall not be a Related Party Transaction:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue;
- iv. buy-back of securities.

3.9 “Relative” means a relative as defined in Section 2(77) of the Companies Act, 2013.

3.10 “Subsidiary Company” means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

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4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

The concerned Head(s) of Department shall be responsible for presenting the agenda for all Related Party Transactions (RPTs) requiring compliance with this policy. This shall be placed before the Audit Committee (once constituted), the Board of Directors, and/or Shareholders, as applicable, including on a quarterly basis or for omnibus approval where required.

4.1 Audit Committee provisions

Since IGGL has not yet constituted an Audit Committee, nor is it mandatorily required at this stage, the company is not obligated to obtain approval for transactions specified under Section 177(4) of the Companies Act, 2013.

4.2 Approval of Board

For specified Related Party Transactions as mentioned in Section 188(1) of the Companies Act, 2013, prior approval must be obtained through a resolution passed at a Board meeting before entering into any contract or arrangement with a Related Party, as outlined below:

- (i) sale, purchase or supply of any goods or materials
- (ii) selling or otherwise disposing of, or buying, property of any kind
- (iii) leasing of property of any kind
- (iv) availing or rendering of any services
- (v) appointment of any agent for purchase or sale of goods, materials, services or property
- (vi) such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company
- (vii) underwriting the subscription of any securities or derivatives thereof, of the company

Exemption:

Any transaction with a Related Party that is entered into by the Company in the **ordinary course of business** and conducted on an **arm's length basis** are exempted from the requirement of approval from the Board or Shareholders as per Section 188 (1) of the Act.

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Interested Director:

Any Director or KMP who has a potential conflict of interest in any Related Party Transaction shall not participate in any discussion or approval of a Related Party Transaction and shall not be counted in determining the presence of quorum of the meeting when such transaction is considered.

4.3 Approval of Shareholder

Prior approval of the Shareholders by way of **ordinary resolution**- which are **not in ordinary course of business** or **not on arm's length basis** and **beyond threshold limits**:

S. No.	Specified RPT(s) u/s 188(1) of the Companies Act, 2013 requiring Shareholders Approval	
	Particulars	Threshold limits
a)	sale, purchase or supply of any goods or materials	10% or more of the turnover of the Company
b)	selling or otherwise disposing of, or buying, property of any kind	10% or more of net worth of the Company
c)	leasing of property of any kind	10% or more of the turnover of the company
d)	availing or rendering of any services	10% or more of the turnover of the company
e)	appointment of any agent for purchase or sale of goods, materials, services or property	As per limit prescribed in clause a), b) and d), in case resulted into appointment of agent
f)	such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding INR 2.50 lakhs
g)	underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of the net worth

Explanation(s):

- limits specified in sub-clauses a) to d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- turnover or net worth shall be computed on the basis of the Audited



Financial Statement of the preceding Financial Year.

4.4 Details to be provided to the Board and Shareholders as per section 188 of the Companies Act, 2013

(A) For Board Level approval:

The following information shall be included in the Board Agenda when a Related Party Transaction (RPT) under Section 188 of the Act is presented to the Board for approval:

- (i) the name of the Related Party and nature of relationship;
- (ii) the nature, duration of the contract and particulars of the contract or arrangement;
- (iii) the material terms of the contract or arrangement including the value, if any;
- (iv) any advance paid or received for the contract or arrangement, if any;
- (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (vi) 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
- (vii) each Director and Key Managerial Personnel to provide notice to the Board 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 may reasonably request. The notice of any potential Related Party Transaction should be communicated to the Board in advance so that it has adequate time to obtain and review necessary information about the proposed transaction.
- (viii) any other information relevant or important for the Board to take a decision on the proposed transaction.

(B) Shareholder Level Approval:

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars, namely:-

- (a) name of the related party;
- (b) name of the director or key managerial personnel who is related, if any;

3/10



- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangements;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.]

4.5 Ratification of Related Party Transactions

- a. If prior approval of the Board/Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Board / Shareholders, as the case may be, within 3 (three) months of entering in the Related Party Transaction.
- b. In case Related Party Transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board / shareholders, as the case may be, and if the contract or arrangement is with a Related Party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.
- c. In any case where either the Board/ Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board/ Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company.

4.6 Disclosures

- a. Every contract or arrangement entered with Related Parties which are not on arm's length basis with the approval of Board / Shareholders in line with Section 188 of the Companies Act, 2013 shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- b. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- c. Name of all Related Parties, nature of relationships and details of all Related Party transactions should be disclosed in the financial statement as per applicable Accounting Standard.
- d. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party which require approval of the Board as per provision of the Companies Act, 2013.

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5. AMENDMENTS

The Chairman may amend the Policy in case of change in legal framework rules and regulation as covered in the policy. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

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