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13<sup>th</sup> February, 2019

The Listing Department National Stock Exchange of India Ltd. Exchange Plaza Plot No.C/1, G. Block Bandra-Kurla Complex Bandra (E) Mumbai-400051 <b>Stock Symbol &amp; Series : IMFA, EQ</b>	The Deputy General Manager (Corporate Services) BSE Limited Floor 25, P.J. Towers Dalal Street , Fort Mumbai-400001 <b>Stock Code : 533047</b>
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**Re: Outcome of the meeting of the Board of Directors held on 12<sup>th</sup> February 2019**

Dear Sir,

Further to our letter dated 12<sup>th</sup> February 2019, the Board of Directors of the Company at their meeting held on 12<sup>th</sup> February 2019, inter-alia, have also approved the following:

- 1. Re-constitution of Stakeholders Relationship Committee**  
Mrs Paramita Mahapatra, Chairperson  
Mr Nalini Ranjan Mohanty, Independent Director  
Mr Jayant Kumar Misra, Director(Corporate) & COO  
Mr Chitta Ranjan Ray, Whole-time Director
- 2. Modification of the Policies (copies attached) of the Company**
  - (i) Policy for Determining 'Material' Subsidiaries and
  - (ii) Policy on Materiality of Related Party Transactions

Thanking you,

Yours faithfully  
For INDIAN METALS & FERRO ALLOYS LTD.

  
(PREM KHANDELWAL)  
CFO & COMPANY SECRETARY

Encl: As above

# INDIAN METALS & FERRO ALLOYS LIMITED

## POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

### 1. Preface

Policy for determining 'material' subsidiaries ("the Policy") has been formulated in accordance to Regulation 16 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended from time to time.

### 2. Definitions

The definitions of some of the key terms used in this Policy are given below.

- A. **"subsidiary company" or "subsidiary"**, in relation to any other company (that is to say the holding company), means a company in which the holding company—
- (i) controls the composition of the Board of Directors; or
  - (ii) exercises or controls more than one-half of the total share capital either on its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

*Explanation.*—For the purposes of this clause

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
  - (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
  - (c) the expression "company" includes any body corporate;
  - (d) "layer" in relation to a holding company means its subsidiary or subsidiaries.
- B. **Material Subsidiary:** A subsidiary shall be considered as 'material' if its income or net worth exceeds ten percent (10%) of the consolidated income or net worth respectively, of the company and its subsidiaries as per the audited financials of the immediately previous financial year.

# INDIAN METALS & FERRO ALLOYS LIMITED

## 3. Process

If any subsidiary is found to be 'material', the company should comply the followings:

- (a) Based on its audited consolidated balance sheet, in each financial year the company would identify the subsidiaries which would get covered under the definition of material subsidiary and material non listed Indian subsidiary.
- (b) The company will not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is under a scheme of arrangement duly approved by a Court/Tribunal.
- (c) The Company would take require prior approval of shareholders by way of special resolution before selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on a aggregate basis during a financial year unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
- (d) The Company would ensure, that at least one of its independent Director would also be a director on the Board of directors of a material un-listed Indian subsidiary Company

## 4. Amendment

The Board may amend or modify this Policy in whole or in part, from time to time.

# INDIAN METALS AND FERRO ALLOYS LIMITED

## POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

### 1. Preface

Policy on Materiality of Related Party Transactions (“the Policy”) has been formulated in accordance to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

### 2. Definitions

The definitions of some of the key terms used in this Policy are given below.

- A. **“Related Party Transaction”** is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

"Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."

- B. **“Related Party”** for the purpose of Related Party Transaction, an entity shall be considered as related to Company if

- (i) such entity is a related party under section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under applicable Indian Accounting Standards.

As per Section 2(76) of the Companies Act, 2013, “related party”, with reference to a company, 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 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) 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 company which is—
  - (1) a holding, subsidiary or an associate company of such company; or
  - (2) a subsidiary of a holding company to which it is also a subsidiary;
- ix) a Director or Key Managerial Personnel of the holding company or his relative;

- C. **“Audit Committee”** means the Audit Committee as constituted by the Board of Directors of the Company.
- D. **“Material Related Party Transaction”**, a transaction with a related party shall be considered material 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 of the company as per the last audited financial statements of the company,
- E. **“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

### 3. Process

- A. The transaction with related party should be entered only if it satisfies the following conditions:
  - a) Transaction should be arising out of ordinary course of business
  - b) The transaction should not be prejudicial to the interest of the Company.
  - c) The transaction should be at arm’s length.
- B. All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
  - i) 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.
  - ii) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
  - iii) Such omnibus approval shall specify (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (b) the indicative base price / current contracted price and the formula for variation in the price if any and (c) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction 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 crore per transaction.

- iv) Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

v) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

C. All Related Party Transactions, which are proposed to be entered by the Company (i) other than in ordinary course of business; and / or (ii) other than on arm's length basis, shall require prior approval of the Board of Directors of the Company, by means of passing of resolution at a meeting of the Board.

Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the resolution relating to such transaction.

D. All Material Related Party Transactions, of the nature given in the table below, shall require prior approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

S.No.	Nature of transaction as per Section 188 of the Companies Act, 2013	Threshold limit for seeking approval of shareholders
1	Sale, purchase or supply of any goods or materials	Exceeding ten percent of the turnover of the Company or Rs 100 crore, whichever is lower.
2	Selling or otherwise disposing of, or buying, property of any kind	Exceeding ten percent of net worth of the Company or Rs 100 crore, whichever is lower.
3	Leasing of property of any kind	Exceeding ten per cent of the net worth of the company or ten percent of turnover of the company or Rs 100 crore, whichever is lower.
4	Availing or rendering of any services	Exceeding ten per cent of the turnover of the company or Rs 50 crore, whichever is lower.
5	Appointment of any agent for purchase or sale of goods, materials, services or property.	As per limits prescribed above in point 1,2 & 4 above.
6	Such related party's appointment to any office or place of profit in the company, its subsidiary company or	At a monthly remuneration exceeding Rs 2.50 lakh per month.
7	Underwriting the subscription of any securities or derivatives thereof, of the company.	Exceeding 1% of the Net Worth of the Company.

**Explanation:-**

- The limits specified in sub-clauses 1) to 4) 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.

**E. Disclosures**

**Related Party Transactions**

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

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.

**F. Amendment / Review**

The policy shall be reviewed by Board of Directors once in every three financial years and the Board may amend or modify this Policy in whole or in part, from time to time.