

**Elpro International Limited**

**RELATED PARTY TRANSACTIONS POLICY**

**Pursuant to the Companies Act, 2013 & Clause 49 of the Listing Agreement**

Regd. Office: Elpro International Limited, 'Nirmal', 17th Floor,  
Nariman Point, Mumbai 400021



## Elpro International Limited

### RELATED PARTY TRANSACTION POLICY

#### 1. PREAMBLE

The Board of Directors (the "Board") of Elpro International Limited (the "Company") has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges in India. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee. This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

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#### 2. OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

#### 3. DEFINITIONS

"**Audit Committee or Committee**" means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

"**Board**" means the Board of Directors as defined under the Companies Act, 2013.

"**Key Managerial Personnel**" means Key Managerial Personnel as defined under the Companies Act, 2013.



**“Ordinary Course of Business”** shall mean and include:

(i) the usual transactions, customs and practices carried on by the Company. However, it shall not include the following transactions:

- (a) Complex equity transactions such as corporate restructuring or acquisitions
- (b) Any unusual transactions with an off shore entities
- (c) Leasing of surplus space in the premises or rendering of management services by the Company to any Related Party without adequate consideration, and vice versa.
- (d) Sales transactions with unusually large discounts or returns
- (e) Transactions with circular arrangements viz. sales with a commitment to repurchase
- (f) Transactions under contracts, whose terms are changed before expiry having material adverse impact on the Company

(ii) In the light of (i) above, the following transactions shall, inter alia, be deemed to have been made in the ordinary course of business:

- (a) Any transaction covered in the Main Objects or the Objects incidental to attainment of the Main Objects, as envisaged in the Memorandum and Articles of Association of the Company
- (b) Any transaction which is usually carried on by any Company having similar business within India or overseas
- (c) Any transaction which has been done by the Company frequently in the last three years
- (d) Any transaction done with a Related Party on similar basis as of a Third Party

**“Arms’ Length Transactions”** shall mean:

- (a) The transaction carried on between the Company and the Related Party on similar terms and conditions as of a unrelated party, including the price, and
- (b) Such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income-tax Act, 1961.

**“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.

**“Related Party”** a means related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement and as amended from time to time.



**“Related Party Transaction”** means –

- for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- for the purpose of Clause 49 of Listing Agreement, any transaction involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

**“Relative”** means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a. Members of a Hindu undivided family;
- b. Husband or wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife;
- g. Daughter;
- h. Daughter’s husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

**“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

#### 4. POLICY

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre - approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

##### 4.1. IDENTIFICATION OF RELATED PARTY TRANSACTIONS



**4.1.1** Each Director, Key Managerial Personnel whenever wishes to enter into a Related Party Transaction with the Company involving either him/ her or his /her Relative, shall give a Notice to the Company along with all the relevant details and documents.

**4.1.2** Notice of any Related Party Transaction, referred to in Clause 4.1.1, shall be given well in advance so that the Company has adequate time to obtain additional information or document about the proposed Related Party Transaction, if necessary, which is required to be placed before the Audit Committee to enable it to approve the Related Party Transaction.

Every Director, Key Managerial Personnel shall also make annual disclosures as per **Annexure 1** containing the following information to the Company on an annual basis:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel shall also update the Company, of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

#### **4.2. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

#### **4.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances 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.





Prior to the approval, the Committee 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. The 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, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

#### **4.2.2 APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE**

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

#### **4.2.3 APPROVAL BY THE BOARD**

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 Board shall consider and approve the Related Party Transaction at a meeting and 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.

#### **4.2.4 STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE**



In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

#### **4.2.5 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS**

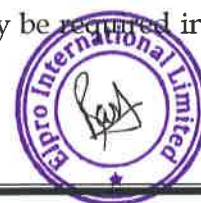
All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

#### **4.2.6 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH**

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

#### **4.2.7 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in



accordance with this Policy for review and ratification. The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

## 5. Disclosures:

5.1 The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.

5.2 Every transaction, contract or arrangement entered into with Related Parties shall be referred to in the Report of the Board of Directors to the shareholders along with the justification for entering into such transaction, contract or arrangement.

5.3 Details of all material transactions, with Related Parties shall be disclosed to the Stock Exchanges where the securities of the Company are listed, on quarterly basis along with the compliance report on corporate governance pursuant to Clause 49.

## 6. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## 7. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

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Annexure I

Elpro International Limited

Disclosures as required under Related Party Transactions Policy of

- 1) List of relatives – For the purposes of sub-section (77) of section 2 of the Companies Act 2013, the following are my relatives

1.	Hindu Undivided Family (HUF) in which I am member	
2.	Other members of HUF in which I am a member	
3.	Husband/Wife	
4.	Father (Including Step Father)	
5.	Mother (Including Step Mother)	
6.	Son (Including Step Son)	
7.	Son's Wife	
8.	Daughter	
9.	Daughter's husband	
10.	Brother (Including Step Brother)	
11.	Sister (Including Step Sister)	

- 2) List of Firms / LLPs / Association of Individuals / Other Entities in which I am a Partner / Sole Proprietor / Owner / Member

Sr. No.	Names of the Partnership Firms / LLP / Sole Proprietorship / Other Entities	Percentage of Partnership / Ownership	Date on which interest or concern arose / Changed

- 3) List of Firms / LLPs / Sole Proprietorship in which any of my relatives (mention the relation) is a Partner/Sole Proprietor

Sr. No.	Name of the Relative	Relations	Names of the Firms / LLP / Sole Proprietorship	Percentage of Partnership	Date on which interest or concern arose / Changed

- 4) List of Public/Private Limited Company(ies) / Bodies Corporate (includes a Company incorporated outside India) of which I am a Director / MD / WTD / Promoter / CEO / Manager - Section 184(2)

Sr. No.	Names of the Companies	Designation	Date of Appointment	Date of Cessation




**5) List of Private Company(ies), in which I am a Member**

Sr. No.	Names of the Companies	No. of shares held	Percentage of shares	Date on which interest or concern arose / changed
1.				
2.				
3.				
4.				

**6) List of Public Company (ies)/body corporate in which I am, along with my relatives, holding more than 2% of its paid up share Capital**

Sr. No.	Names of the Companies/ Corporate	No. of shares held	Percentage of shares	Date on which interest or concern arose / changed

Date : \_\_\_\_\_

Place : \_\_\_\_\_

\_\_\_\_\_  
Name:

Designation:

DIN:

