

Elpro International Limited

RELATED PARTY TRANSACTIONS POLICY

Pursuant to the Companies Act, 2013 & Regulation 23 of Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015

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 Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 And. 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.

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. Further the objective of this Policy is to set out (a) the materiality threshold for related party transactions. (b) define material modification and (C) the manner of dealing with and disclosing the transaction between the Company and its related parties as required under the Act, the SEBI Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

"Audit Committee or Committee" means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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
- (e) Is common commercial practice

“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, so that there is no conflict of interest 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.

“Material modification” means any modification made in the value/ exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/ or shareholders, which has the effect of variation in the approved value of the transaction, 25% or more or by which the transaction ceases to be in ordinary course and/ or on arm’s length basis or such other parameters as may be determined by the Audit Committee from time to time.

“Relative” in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Companies Act, 2013.

“Related Party” a means related party as defined under Section 2(76) of the Companies Act, 2013 read with Regulation 2(1)(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.

Reference and reliance may be placed on the clarification issued by Ministry of Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party”

“Related Party Transaction” **shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or as envisaged in Section 188(1) of the Companies Act, 2013.**

“**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.MATERIALITY THRESHOLDS

4.1 Regulation 23 of the SEBI (Listing and Obligation Disclosure Regulation, 2015 requires the Company to provide materiality thresholds for transactions beyond which prior approval of the shareholder's will be required by way of resolution.

4.2 Materiality threshold fixed at the level prescribed under explanation to Regulation 23(1) of the SEBI (Listing and Obligation Disclosure Regulation, 2015.

4.2.1 In case of transaction involving payments made to a Related Party with respect to brand usage or royalty, if it exceeds five per cent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.

4.2.2 In case of any other transaction, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees 1,000 crore or ten per cent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

4.2.3 Further, Regulation 23 of the SEBI (Listing and Obligation Disclosure Regulation, 2015 provide that any subsequent material modifications to the terms of such transactions, as defined by the Audit Committee, shall also require shareholders prior approval will be required by way of resolution. Material modification shall be constructed as one meeting the conditions as provided in point number 3.

4.MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

4.1 Identification of related parties

The Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

4.2 Identification Of related party transactions

4.2.1 The Company shall identify related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company shall determine whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek professional opinion, if necessary.

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.

4.1. 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 AUDIT 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.

Approval of the Audit Committee

1. All related party transactions and subsequent material modifications require prior approval of the Audit Committee.
2. Only members of the Audit Committee, who are independent directors, shall approve related party transactions.
3. A related party transaction to which subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity.

Further, with effect from April 1, 2023, a related party transaction to which subsidiary of a listed entity is a party but the listed entity is not a party, shall require approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

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.

4.2.2 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 and its relationship with the Company and/ or its subsidiary
- 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.

The requirement for seeking Audit Committee approval for related party transaction shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company.

4.2.5 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS/ Approval of Shareholders of the Company.

All Material Related Party Transactions and any material modifications thereto as defined under Clause 3 will be placed before the shareholders for their approval through special resolution and the Related Parties shall abstain from voting on such resolution.

Where a related party transaction has been approved by the Audit Committee and shareholders prior to April 1, 2022, there shall be no requirement to seek fresh approval from the shareholders.

A related party transaction which has been approved by the Audit Committee prior to April 1, 2022, which continues beyond such date and become material as per the revised materiality threshold as specified in Clause 4 above, then such related party transaction shall be placed before the shareholders in the first general meeting held after April 1, 2022.

The omnibus shareholders approval of material related party transactions approved in annual general meeting shall be valid upto the date of annual general meeting for a period not exceeding fifteen months. Further, in case of omnibus approval for material related party transactions, obtained from shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year.

Pursuant to Regulation 23(5)(b) of the SEBI Regulation 23 of Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188(1) of the Act the requirement for seeking shareholders approval shall not be applicable, inter alia to:

Transactions entered between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Transactions between two wholly owned subsidiary of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Above prior approval of the shareholders shall not be required in cases where the subsidiary is a listed entity and Regulation 23 and 15(2) of the Sebi (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to such listed subsidiary.

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 APPROVED UNDER THIS POLICY.

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy prior to its consummation, 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 regarding related party transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction. and the The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take such action it 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

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

5.3

In addition to above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause ____ of the Policy above) on quarterly basis to the stock exchanges along with the compliance report on corporate governance pursuant to Listing Regulations.

5.4 The Company shall submit within timelines prescribed under Regulation 23(9) of the Listing Regulations, disclosures of related party transactions on a consolidated basis, in the format specified by SEBI from time to time and publish the same on website.

5.5 As prescribed under Regulation 46(2)(g) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy shall be disclosed on the Company's website viz. www.elpro.co.in.

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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Amendment to the Policy approved by Board of Directors on May 30, 2022.

Effective Date: April 1, 2022

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: