

RELATED PARTY TRANSACTION POLICY OF ELANTAS BECK INDIA LIMITED

Purpose of this policy:

ELANTAS Beck India Limited (“EBIL” or “Company”) is governed, amongst others, Section 188 of the Companies Act 2013 and Rules made thereunder (the “Act”) and by Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and any subsequent amendments thereto. SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties.

Objective:

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

SCOPE:

This Policy shall be applied in:

- a) Identifying Related Parties, updating and maintaining the database of such persons/entities;
- b) Identifying the Ordinary Course of Business and Arms’ Length Transactions in relation to the Company and such persons/entities;
- c) Identifying Related Party Transactions;
- d) Obtaining approval/ratifications (as the case may be) for entering into any transactions with such persons/entities;
- e) Obtaining disclosures from the Directors who are interested either directly or indirectly in the RPT and refraining such Directors from participating in the discussions related to RPT;
- f) Documenting the Arms’ Length pricing of transactions; and
- g) Disclosing these transactions in Annual Report or any such documents as prescribed under the applicable Laws.

DEFINITIONS:

- 1) “Act” means the Companies Act, 2013 (as amended from time to time) and rules prescribed thereunder;
- 2) “Associate Company” in relation to another company, means 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.

3) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended from time to time);

4) **“Material Transactions”** means the transaction(s) to be entered into individually or taken together with previous transactions during a Financial Year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5) **“Related Party”** means related party as defined under sub-section (76) of Section 2 of Companies Act, 2013 or sub-regulation (1)(zb) of Regulation 2 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or under applicable accounting standards.

“Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more with effect from April 1, 2022; or

(ii) of ten per cent or more, with effect from April 1, 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

6) **“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

7) **“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged. A transaction with a Related Party shall be construed to include a single transaction or group of transactions in a contract. It shall also explicitly include the following transactions)

Sale, purchase or supply of any goods or materials;

i) Selling or otherwise disposing of, or buying, property of any kind;

ii) leasing of property of any kind;

iii) availing or rendering of any services;

iv) appointment of any agent for purchase or sale of goods, materials, services or property;

v) such Related Party’s appointment to any office or place of profit in the Company, its subsidiary Company or associate company; and underwriting the subscription of any securities or derivatives thereof, of the Company;

8) **“Material modifications”** All the modifications to the approved transactions shall be

material if, post approval,

- a. There is a change in type, material terms, particulars of the transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction,

Note:

i) Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act or Listing Regulations shall have the meaning respectively assigned to them therein.

ii) Words imparting the singular shall include the plural and vice versa. Words imparting a gender include every gender.

IDENTIFICATION OF POTENTIAL RPT:

(a) Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential RPT involving himself or his relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.

(b) The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Audit Committee/ Board has adequate time to obtain and review information of the proposed transaction.

Review and approval of Related Party Transactions

Audit Committee :

All the transactions which are identified as Related Party Transactions should be pre-approved by only those members of Audit Committee who are independent Directors. Any Independent Director who is interested or is deemed to be interested in any such transaction, should abstain from the discussion.

The Company shall not enter into any RPT without prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for RPT proposed to be entered into by the Company subject to the following conditions:

In case of transactions that are repetitive in nature, the Audit Committee, at its discretion, shall lay down certain criteria(s) that help them in determining and analyzing the consequences of granting the omnibus approval and such criteria(s) shall be in accordance with this Policy.

The Audit Committee shall lay down valid grounds while deciding the need for such omnibus approval and see to it that such approval is in the best interest of the Company;

Such omnibus approval shall specify-

(i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

(ii) the indicative base price / current contracted price and the formula for variation in the price if any; and

(iii) such other conditions as the Audit Committee may deem fit, provided that where the need for RPT 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 (One Crore) per transaction.

Audit Committee shall review the details of RPTs entered into by the Company pursuant to approval given to each of the omnibus transaction, at least on a quarterly basis;

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. Approval of the Audit committee shall be required for;

- a. All RPTs and subsequent material modifications as defined by the Audit committee.
- b. RPTs where subsidiary is a party, but listed entity is not a party subject to below mentioned threshold
 - i. exceeds 10% of the consolidated turnover of the listed entity,
 - ii. exceeds 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023.

The prior approval of the Audit Committee is not required in case of transactions entered between the Company and its wholly-owned Subsidiary whose accounts are consolidated with the Company's accounts and such consolidated accounts are placed before the Shareholders at the General Meeting for approval;

The notices referred in the above point no. VI (a) received by the Company from the Directors and KMP shall be forwarded to the Company Secretary ("CS") of the Company, with a request to arrange for an Audit Committee Meeting;

The CS shall organize Audit Committee Meetings upon receipt of notice as mentioned in the above point (d) and shall place such notice along with all relevant information/documents relating to the proposed RPT before the Audit Committee, which inter alia shall include:

- a. Type, material terms and particulars of the proposed transaction.

Since the company does not have any subsidiary, this provision shall become applicable as and when the Company has a subsidiary.

- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction.
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction.

ii. where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,

- nature of indebtedness.
- cost of funds; and
- tenure.

iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

iv the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

v. Justification as to why the RPT is in the interest of the listed entity;

h. A copy of the valuation or other external party report, if any such report has been relied upon;

i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

j. Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

Board of Directors :

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being

- (i) not in the ordinary course of business, or
- (ii) not at an arm's length price, or
- (iii) Material RPT

The Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

If any Director or employee of the Company has entered into a Contract or arrangement without the prior consent of the Board (when required) then such Contract or arrangement shall be ratified by the Board at a Meeting within three months from the date on which such Contract or arrangement was entered into.

Shareholders

If a Related Party Transaction is

- (i) a material transaction as per Regulation 23 of the Listing Regulations, or
- (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013 it shall require shareholders' prior approval by a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.

The provisions of regulation 23 shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the General Meeting for approval.

No transaction, Contract or arrangement shall be carried out or entered into with a Related Party, without the prior approval of Shareholders by way of Ordinary Resolution if the transactional value exceeds the limits that are given in the tabular column under the head 'Transactional Value'.

The approval of the Shareholders is not required in case of transactions entered into between the Company and its wholly-owned Subsidiary whose accounts are consolidated with the Company's accounts and such consolidated accounts are placed before the Shareholders at the General Meeting for approval;

The approval of the shareholders is also not required in case of transactions entered into between two wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the General Meeting for approval.

TRANSACTIONAL VALUE

Sr.No.		Value
Under the Companies Act, 2013		
1.	Sale, purchase or supply of any goods or materials directly or through appointment of agent	10% or more of Annual Turnover
2.	Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent	10% or more of Net Worth of the Company
3.	Leasing property of any kind	10% or more of the Turnover of the Company
4.	Availing or rendering of any services directly or through agents	10% or more of the Turnover
5.	Such Related Party's appointment to any office or place of profit in the Company, its subsidiary or Associate company	Monthly remuneration > Rs. 2.50 Lakhs
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	> 1% of Net Worth
Under the Regulation 23 of Listing Regulations		
7.	All Material Related Party Transactions and subsequent material modifications	

Note: the limits specified in (i) to (iv) shall apply for transaction (s) to be entered into either individually or taken together with the previous transactions during a Financial Year.

Reporting of Related Party Transactions :

Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

The details of all transactions with related parties shall be submitted on a consolidated basis, in the format specified in the relevant accounting standards, half yearly to the stock exchange and the same shall be published on the Company's website.

Limitation and Amendment:

The Board of Directors of the Company on recommendation of the Audit Committee of the Company shall review the Policy (**including the thresholds**) once in three years and may amend the same from time to time.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Disclosure of the Policy:

This Policy will be uploaded on the website of the Company.
