



Eppeltone® Engineers Pvt. Ltd.

An ISO 9001, 14001 & 27001 CERTIFIED COMPANY

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POLICY ON

MATERIALITY OF RELATED PARTY TRANSACTIONS & DEALING WITH RELATED PARTY TRANSACTIONS

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

• Smart Metering

• Energy Metering

• Metering Kits

• E-Vehicles

• Energy Measurement

• Meter Boxes

• UPS Systems

• LED Light

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I. INTRODUCTION

This Policy shall be called the 'Policy on Materiality of Related Party Transactions & Dealing with Related Party Transactions' of Eppeltone Engineers Limited (Formerly Eppeltone Engineers Private Limited) .

This Policy has been framed as per requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015].

II. APPLICABILITY

This Policy shall be applicable to all transactions between the Company and its Related Parties.

III. OBJECTIVE

This Policy provides the criteria for determining the materiality of Related Party Transactions. The objective of this Policy is to ensure proper approvals & reporting of the transactions between the Company and its Related Parties in compliance of provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and any other applicable statutory provisions for the time being in force, in this regard.

IV. DEFINITIONS

1. **Act:** Act means the Companies Act, 2013 and Rules made thereunder.
2. **Arm's Length transaction:** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest, as defined in Explanation (b) to Section 188 (1) of the Companies Act, 2013.
3. **Associate Company** – As per Section 2(6) of the Companies Act, 2013, 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.

Explanation — For the purposes of this clause, "significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement. Further, "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.

4. **Audit Committee:** means "Audit Committee" constituted by the Board of Directors of the Company under the provisions of SEBI (LODR) Regulations, 2015 and Companies Act, 2013, as may be amended from time to time.

5. **Board:** means Board of Directors of Eppeltone Engineers Limited (Formerly Eppeltone Engineers Private Limited).
6. **Company:** means Eppeltone Engineers Limited (Formerly Eppeltone Engineers Private Limited).
7. **Key Managerial Personnel (KMP) :-** As per the provisions of Section 2(51) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, "Key Managerial Personnel", in relation to a company, means-
 - (i) the Chief Executive Officer or the Managing Director or the Manager;
 - (ii) the Whole-time director;
 - (iii) the Company Secretary;
 - (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 in the Act.
8. **Related Party:** An entity shall be considered as related to the Company if:
 - (i) such entity is a related party as defined under Section 2(76) of the Companies Act, 2013; or
 - (ii) such entity is a related party under the applicable accounting standard(s).

Further, any person or entity belonging to the promoter or promoter group and holding 20% or more of shareholding of the Company, shall also be deemed to be a related party.

Related Party under Section 2(76) of the Companies Act, 2013

- a. a Director or his relative;
- b. a Key Managerial Personnel or his relative;
- c. a firm, in which a Director, Manager or his relative is a partner;
- d. a private company in which a Director or Manager or his relative, is a member or Director;
- e. a public company in which a Director or Manager is a Director and holds along with his relatives, more than two per cent of its paid-up share capital;
- f. 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;

- g. 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;
- h. any company which is—
 - (A) a holding, subsidiary or an associate company of such company; or
 - (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 which implies a body corporate whose investment in the Company would result in the company becoming an associate company of the body corporate.
- i. A Director, other than an Independent Director, or Key Managerial Personnel of the holding company or his relative.
- j. such other person as may be prescribed under the Companies Act, 2013 or any other statutory provisions for the time being in force.

Related Parties under the applicable Accounting Standards: As per Indian Accounting Standards (Ind AS 24), a related party is a person or entity is one which is related to the entity that is preparing its financial statements (referred to as the 'reporting entity'). It further provides that:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

9. **Related Party Transaction:** Section 188 of the Companies Act, 2013 encompasses all contracts or arrangements with a Related Party with respect to:-

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company.

Further, as per SEBI (LODR) Regulations, 2015, "related party transaction" means a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. Further, a "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

10. **Relative** – As per Section 2(77) of the Companies Act, 2013, 'relative', with reference to any person, means anyone who is related to another in the following manner —

- a. as members of a Hindu Undivided Family;
- b. as husband and wife;
- c. Father including the step-father.
- d. Mother including the step-mother.
- e. Son including the step-son.
- f. Son's wife.
- g. Daughter.
- h. Daughter's husband.
- i. Brother including the step-brother.
- j. Sister including the step-sister.

11. Subsidiary Company: As per Section 2(87) of the Companies Act, 2013, 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 at 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;

Words or expressions used and not defined in this Policy, but defined in any other statute, shall have the same meanings assigned to them therein.

V. MATERIALITY OF RELATED PARTY TRANSACTIONS

A transaction with a related party shall be considered 'material' if the transaction(s) 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.

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 two percent of the annual consolidated turnover, as per the last audited financial statements of the company.

VI. DEALING WITH RELATED PARTY TRANSACTIONS

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals of the following, subject to exemptions, if any, under any law for the time being in force:

- i. **Audit Committee:** All Related Party Transactions shall require prior approval of the Audit committee either by circulation or at a meeting. The Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company, in line

with this Policy, subject to the following conditions:

- a. The criteria to be considered by the Audit Committee of Directors for granting omnibus approval includes the following:
 - i. The Audit Committee shall satisfy itself regarding the need for omnibus approval and ensure that such approval is in the interest of the Company;
 - ii. The omnibus approval shall be applicable in respect of transactions which are repetitive in nature;
 - iii. The maximum aggregate value of transactions which can be approved under omnibus route in a year, shall not exceed ten percent of the turnover of the Company for the immediately preceding financial year;
 - iv. The maximum value per transaction which can be allowed shall not exceed two percent of the turnover of the Company for the immediately preceding financial year;
 - v. The transactions are proposed to be entered in the ordinary course of business. While assessing a proposal, the Audit Committee may seek justification/documents from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not.
 - vi. Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given.
 - vii. Omnibus approval by the Audit Committee shall not be applicable for following transactions, including but not limited to:
 - Granting of Term Loan to a Related Party;
 - Sale or purchase of moveable or immoveable property;
 - Purchase or Sale of shares in a Related Party;
 - Selling or disposing of the undertaking of the Company; or
 - Any other transaction as the Audit Committee deems necessary, to be falling outside the scope of omnibus approval.
- b. Such omnibus approval shall specify:
 - (i) the name(s) of the related party, nature and duration of transaction, maximum amount of transactions that can be entered into, in aggregate in a year, maximum value per transaction which is allowed,
 - (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.

However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1.00 crore (Rupees one crore only) per transaction.

- c. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

- d. In case of any transaction, other than transactions referred to in Section 188 of the Companies Act, 2013 and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

In terms of provisions of Section 177 of the Companies Act, 2013 and Regulation 23(5) of SEBI (LODR) Regulations, 2015, the requirement of approval of Audit Committee shall not apply to transactions, other than a transaction referred to in Section 188 of the Act, between the Company and its wholly owned subsidiary company(ies), whose accounts are consolidated with the Company's accounts and placed before the shareholders at the general meeting for approval.

- ii. **Board of Directors:** 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.

The following officials shall be responsible for placing Agenda before the Audit Committee and/or Board of Directors in respect of all Related Party Transaction(s) requiring approvals (including omnibus approval or ratification) in accordance with the clauses of this Policy:

Sl. No.	Type of Related Party Transaction(s)	Person responsible for placing agenda before the Audit Committee/Board of Directors, as the case may be
1.	Matters related to Borrowings, Resource-Mobilization, Investment of Surplus Funds, Banking, Finance & Accounts.	Respective Heads of Departments (HoD) (not below the level of ED/GM).
2.	Matters related to Sanction & Disbursement of Loans (including proposals for subsequent relaxations/modifications etc., and grant of rebate on interest rate, if any)	Respective Heads of Departments (HoD) (not below the level of ED/GM).
3.	Matters related to Sale, Purchase or Supply of any goods or materials or equipment	Respective Heads of Departments (HoD) (not below the level of ED/GM).
4.	Matters related to availing of any services from any person, or rendering of any services to any person, including engagement of Consultant.	Respective Heads of Departments (HoD) (not below the level of ED/GM).

5.	Matters related to Buying, Selling or otherwise Disposal of, or Leasing of property of any kind	Respective Heads of Departments (HoD) (not below the level of ED/GM).
6.	Matters relating to CSR activities.	HoD of CSR Division (not below the level of ED/GM).
7.	All HR, Corporate Communications (CC) & Personnel-related matters including Deputation of Employees in Subsidiaries / JVs	HoD of HR / CC Division (not below the level of ED/GM).
8.	For other matters pertaining to any Division of the Company, which is not specifically covered above, and falls within the definition of "Related Party Transaction" as defined in this Policy.	HoD of the concerned Division (not below the level of ED/GM)

iii. **Shareholders of the Company:** Prior approval of the shareholders of the Company shall be required in case of :

- a) All material related party transactions; and
- b) All other related party transactions, which are not in ordinary course of business and/or not entered on arm's length basis, whose value exceeds the threshold limits as prescribed under provisions of Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board & its Powers) Rules, 2014, as given below through an Ordinary resolution:

Sl. 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	Ten percent or more of the turnover of the Company or Rs.2.00 crore (Rupees two core only), whichever is lower.
2.	Selling or otherwise disposing of, or buying, property of any kind	Ten percent or more of the turnover of the Company or Rs.2.00 crore (Rupees two core only), whichever is lower.
3.	Leasing of property of any kind	Ten percent or more of the turnover of the Company or Rs.2.00 crore (Rupees two core only), whichever is lower.
4.	Availing or rendering of any services	Ten percent or more of the turnover of the Company or Rs.1.00 crore (Rupees one core only), 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 associate company;	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.

Further, if the shareholders of the Company have passed a resolution approving the overall limit for any or all of the above-mentioned transactions taken together, the overall limit will be applicable for all the transactions taken together.

Explanation:

- The threshold limits specified in point no. 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.
- All material Related Party transactions shall require approval of the shareholders and no related party shall vote to approve such resolutions, irrespective of whether the entity is a party to the particular transaction or not. However, this shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Further, no member of the company shall vote on resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party, in the context of the contract or arrangement for which the said resolution is being passed.

- The resolution passed by the Holding Company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

Exemption:

As per provisions of the SEBI (LODR) Regulations, 2015 and Companies Act, 2013 for the time being in force and in line with Notification dated June 5, 2015 issued by Ministry of Corporate Affairs (MCA), the requirement of obtaining prior approval of shareholders shall not be applicable to:

1. Transactions to be entered into between the Company and its wholly-owned subsidiary(ies) whose accounts are consolidated with the Company's accounts and placed before the shareholders at the general meeting for approval, and

VII. INFORMATION TO BE FURNISHED FOR SEEKING PRIOR APPROVAL OF THE AUDIT COMMITTEE, BOARD OF DIRECTORS & SHAREHOLDERS IN RESPECT OF RELATED PARTY TRANSACTIONS

The Agenda of the Audit Committee and Board Meeting seeking approval in respect of Related Party Transaction shall disclose the following:

- (a) Name of the related party and nature of relationship;
- (b) Nature, duration of the contract and particulars of the contract or arrangement;
- (c) Material terms of the contract or arrangement including the value, if any;
- (d) Advance paid or received for the contract or arrangement, if any;
- (e) Manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) 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
- (g) Any other information relevant or important for the Board to take a decision on the proposed transaction.

Further, Explanatory Statement to be annexed to the notice of a general meeting seeking approval of shareholders shall contain the following particulars viz.:

- (a) Name of the Related Party;
- (b) Name of the Director or Key Managerial Personnel who is related, if any;
- (c) Nature of relationship;
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement; and
- (e) Any other information relevant or important for the members to take a decision on the proposed resolution.

VIII. RATIFICATION OF TRANSACTIONS WITH RELATED PARTIES WHICH WERE ENTERED WITHOUT APPROVAL OF AUDIT COMMITTEE/BOARD/SHAREHOLDERS, AS THE CASE MAY BE.

In exceptional circumstances, where it is not feasible to seek prior approval of the Audit Committee, Board of Directors and/or shareholders, as the case may be, in respect of any Related Party Transaction, then it shall be required to be ratified by the Audit Committee, Board of Directors and/or shareholders, as the case may be, within a period of three months of entering into Related Party Transaction.

Further, while submitting proposal for ratification of Related Party Transaction by the Audit Committee/Board/shareholders, the concerned Division shall incorporate adequate justification for entering into Related Party transaction without seeking prior approvals, in the Agenda note.

In circumstances where:

- (i) any transaction involving any amount not exceeding Rupees one crore is entered into by a Director or officer of the Company, without obtaining the approval of the Audit Committee, and/or
- (ii) any contract or arrangement is entered without prior approval of the Board or shareholders, as the case may be;

and the same is not ratified by the Audit Committee/Board/shareholders within three months from the date of the transaction or date on which such contract or arrangement was entered into, such transaction shall be voidable at the option of the Audit Committee/Board/shareholders, as the case may be, and if the transaction, contract or arrangement is with the related party of any Director or is authorized by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

IX. DISCLOSURES

1. Every Contract or arrangement entered with Related Party with the approval of the Board/shareholders in line with Section 188 of the Companies Act, 2013 are required to be referred in the Board's Report to the shareholders along with justification for entering into such contracts or arrangements.

The particulars of contracts or arrangements with related parties shall be disclosed in the Board's Report of the Company for every financial year commencing on or after April 1, 2014 in Form AOC-2 (enclosed as **Annexure I** to this policy), pursuant to provisions of Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.


2. Details of transactions entered with any Related Party of the Company shall be furnished to the Company Secretary within a period of 15 days from the end of each quarter, in Form AOC-2 for putting up the same for information of the Audit Committee and Board of Directors.
3. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on Corporate Governance, for onward submission to Stock Exchanges.
4. In terms of SEBI LODR Regulations, 2015 as amended, the Company shall, within 30 days from the date of publication of its standalone and consolidated financial results for the half year, submit disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results, to the stock exchanges and publish the same on its website.
5. This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.
6. Any other disclosures as may be required in accordance with the applicable statutory provisions.

X. POWER TO REVIEW

The Board of Directors shall have the powers to amend/review the Policy at least once every three years.

XI. CLARIFICATION

Company Secretary, with the approval of MD, is authorized to provide any clarification, if required, on any of the clauses of this Policy.

For EPELTONE ENGINEERS LIMITED

Director

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto


1. Details of contracts or arrangements or transactions not at arm's length basis:

- (a) Name(s) of the related party and nature of relationship,
- (b) Nature of contracts/arrangements/transactions,
- (c) Duration of the contracts / arrangements/transactions,
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any,
- (e) Justification for entering into such contracts or arrangements or transactions,
- (f) Date(s) of approval by the Board,
- (g) Amount paid as advances, if any,
- (h) Date on which the resolution was passed in general meeting as required under first proviso to Section 188.

2. Details of material contracts or arrangement or transactions at arm's length basis:

- (a) Name(s) of the related party and nature of relationship,
- (b) Nature of contracts/arrangements/transactions,
- (c) Duration of the contracts / arrangements/transactions,
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any,
- (e) Date(s) of approval by the Board, if any,
- (f) Amount paid as advances, if any.

(Form shall be signed by the persons who have signed the Board's report)

For EPPELTONE ENGINEERS LIMITED

Director