

POLICY ON RELATED PARTY TRANSACTIONS OF ELNET TECHNOLOGIES LIMITED

1) PREAMBLE

This Policy is framed in line with the requirements of Section 188 of the Companies Act, 2013 read with the relevant Rules made thereunder, Regulation 23 of the SEBI Listing Regulations and Indian Accounting Standard 24 with reference to Related Party Transactions.

The objective of this Policy is to set out:

- a) the manner of dealing with transactions between the Company and its related parties in compliance with the applicable laws and regulations as may be amended from time to time;
- b) to define the materiality thresholds for RPTs and subsequent modification thereof;
- c) to define approval matrix for related party transactions; and
- d) ensure proper approval, disclosure and reporting requirements of transactions between the Company/ its subsidiaries and its related parties.

2) DEFINITIONS

- a) "Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b) "Arm's length transaction" shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) "Associate Company" shall have the same meaning as defined in Section 2(6) of the Companies Act, 2013.
- d) "Audit Committee or the Committee" shall mean the Committee of the Board constituted from time to time in accordance with the provisions of Section 177 of the Act read with Regulation 18 of the Listing Regulations.
- e) "Board" shall mean the Board of Directors of the Company.
- f) "Company" shall mean Elnet Technologies Limited.
- g) "Key Managerial Personnel (KMP)" shall mean KMP as defined under Section 2(51) of the Act read with Regulation 2(o) of the Listing Regulations.
- h) "Listing Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time

i) Material Modification of RPT” shall mean variation in value of a transaction with a related party, which has already been approved by the Audit Committee/ Board/ Shareholders, as the case may be, which results in an increase by an amount exceeding Rs. 10 Crores in a Financial Year or 20% of the approved limit, whichever is higher.

j) “Material Related Party Transaction/ Material RPT” shall mean

ja) Material RPT as per Regulation 23 of the Listing Regulations shall mean:

1) Transaction(s) to be entered into individually or taken together with previous transactions with a related party during the financial year exceeds INR 1,000 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

2) Transactions involving payments made to a related party with respect to brand usage or royalty, if individually or taken together with the previous transactions during a financial year exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

jb) Material RPT as per Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014

Nature of Transactions	Materiality Threshold for the Transactions
Sale, purchase, supply of any goods or materials, directly or through agent	Amounting to 10% or more of the Turnover of the Company
Selling or otherwise disposal of or buying property of any kind, directly or through appointment of agent	Amounting to 10% or more of net worth of the Company
Leasing of property of any kind	Amounting to 10% or more of the Turnover of the Company
Availing or rendering of services directly or through agent	Amounting to 10% or more of Turnover of the Company
The threshold limits specified above shall apply for transaction/ transactions individually or taken together with previous transactions during a financial year.	
Appointment to any office or place of profit in the Company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 2,50,000/-.
Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	Exceeding 1% of the Net worth

The Turnover or Net worth referred above shall be computed on the basis of the audited financial statements of the preceding financial year. Further, whenever materiality thresholds under the Act or the Listing Regulations is amended, such amended threshold shall automatically become applicable to the Company.

k) Office or Place of Profit” shall have the same meaning as provided in Section 188 of the

Act.

- l) "Ordinary Course of Business" for the purpose of this Policy shall cover the business of the Company and its Group, usual transactions, customs and practices of the business including incidental and/ or facilitative activities of the business of the Company and its Group. The following factors have been considered for determining whether the transactions are in the Ordinary Course of Business:
 - a) Objects of the Company permit the activities undertaken;
 - b) There is a historical practice to conduct such activities;
 - c) A pattern of frequency to conduct such activities over a period of time; and
 - d) The transactions are common in industrial practice.
- m) "Policy" shall mean Policy for Governance of Related Party Transactions.
- n) "Related Party" shall mean a related party as defined under Section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations and under the applicable Accounting Standards, as may be amended from time to time. Provided that following shall be deemed to be a Related Party: a) all persons or entities forming part of promoter or promoter group of the Company; b) any person/ entity holding 10% or more equity shares in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year.
- o) "Related Party Transaction or RPT" means a transaction as defined in Regulation 2(1)(zc) of the Listing Regulations.
- p) "Relative" shall mean a relative as defined under Section 2(77) of the Act read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014.

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Act or Rule made thereunder, Listing Regulations, Indian Accounting Standards or any other relevant legislations or law applicable to the Company.

3) IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

All Directors and KMP of the Company provide disclosure of interest to the Board of Directors of the Company at the time of their appointment, annually and subsequently, whenever there is any change in the disclosures, in terms of the applicable provisions of the Act and Listing Regulations. They also provide the list of relatives who may be regarded as Related Party as per this Policy.

Accordingly, potential transactions with Related Parties based on the above disclosures are identified.

4) REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

4.1) Prior Approval of the Audit Committee

Audit Committee of the Company shall approve the following transactions:

- All RPTs to which Company is a party and their subsequent material modifications.
- All RPT of subsidiaries if any to which the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

- Remuneration and sitting fees paid by the Company or any of its subsidiary to its Director, KMP or Senior Management who is part of promoter or promoter group.

- Remuneration and sitting fees paid by the Company or any of its subsidiary to any of its other Director, KMP or Senior Management, if its material in terms of clause 2(ja) of this Policy.

As per the Listing Regulations, only those members of the Audit Committee, who are independent directors, shall approve such RPT.

(a) Omnibus approval

In case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company or its subsidiary, the Audit Committee may grant omnibus approval. While granting such approval, Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company or its subsidiary. 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; and

f) such other conditions as the Audit Committee may deem fit.

Further, where the need of the related party transaction cannot be foreseen, and all prescribed details are not available, Audit Committee may grant omnibus approval for such transactions, subject to the value not exceeding Rs. 1 Crore per transaction. The Audit Committee shall review on a quarterly basis, details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approvals granted.

Further, where the need of the related party transaction cannot be foreseen, and all prescribed details are not available, Audit Committee may grant omnibus approval for such transactions, subject to the value not exceeding Rs. 1 Crore per transaction. The Audit Committee shall review on a quarterly basis, details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approvals granted.

Such omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

(b) Omnibus Approval cannot be granted for

In terms of the Act, omnibus approval shall not be made for transactions in respect of selling or disposing of the Undertaking of the Company. Undertaking as defined under the Act, shall mean an undertaking in which investment of the Company exceeds 20% of its networth as per

the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the Company during the previous financial year.

(c) Ratification of RPT by the Audit Committee

RPT of the Companies/ Subsidiaries, if any, which was not prior approved by the Audit Committee shall be placed before the Audit Committee/ Board of Directors (as applicable) at the earliest for ratification or approval or termination as the case may be.

Members of Audit Committee, who are Independent Directors, may ratify RPT within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- (i) value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 Crore;
- (ii) transaction is not material in terms of Regulation 23 of SEBI Listing Regulations;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- (iv) details of ratification shall be disclosed along with the disclosures of RPT to the Stock Exchanges;
- (v) any other condition as specified by the Audit Committee.

Provided that failure to seek ratification of Audit Committee shall render the transaction voidable at the option of the said Committee and if the transaction is with a related party to any Director, or is authorised by any other Director, the Director(s) concerned shall indemnify the Company against any loss incurred by it.

4.2) Approval of the Board

All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company.

Director(s) interested in such RPT, shall abstain from discussion and voting on the subject matter.

4.3) Approval of Shareholders

In terms of the Listing Regulations, all Material Related Party Transactions [as defined in clause 2(ja)] and Subsequent Material Modifications [as defined in clause 2(i)] shall require prior approval of the shareholders through an Ordinary Resolution.

Further, in terms of the Act, all RPTs which are not in the ordinary course of business or not at the arm's length and are exceeding threshold limits prescribed in Clause 2(jb) of this Policy, shall also require prior approval of shareholders through an Ordinary Resolution.

All entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

Further, whenever threshold for obtaining approval of the Audit Committee, Board or the Shareholders changes with amendment in the Act or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 or any relaxation is granted in terms of

applicability or effective date, then, irrespective of what is stated above, such amended threshold or relaxations become applicable to the Company.

Exemption from Audit Committee and Shareholders' approval

Audit Committee and Shareholders' approval shall not be required for RPTs entered into:

- 1) by the Company with its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- 2) between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- 3) Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

5. CONSIDERATIONS FOR APPROVAL OF THE PROPOSED RPT

Audit Committee/ Board shall be provided with all relevant information about the proposed RPT for consideration and approval.

The Committee/ Board will consider the following factors while approving the RPT:

- a) That the terms of the RPT are in the ordinary course of the Company's business and is at arm's length basis;
- b) The business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- c) Any potential reputational risks that may arise as a result of or in connection with the proposed RPT; and
- d) Impact of the RPT on the independence/ conflict of interest for any Director or Key Managerial Personnel of the Company.

6. DISCLOSURE TO THE STOCK EXCHANGES

The Company shall submit to the Stock Exchanges disclosures of RPTs within such timeline and format as specified under the Listing Regulations and publish the same on its website.

7. DISSEMINATION OF POLICY

This Policy shall also be uploaded on the website of the Company and a weblink thereto shall be provided in the Annual Report of the Company.

8. POLICY REVIEW

The Board may, based on the recommendations of the Audit Committee, may make any amendments to this Policy from time to time. Provided that this Policy shall be reviewed by the Board at least once in every three years and updated accordingly.

In case of any subsequent changes in the provisions of the Act and the Listing Regulations ,which makes any of the provisions in this Policy inconsistent, the provisions of the Regulations would prevail over this Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.
