



***POLICY ON MATERIALITY OF
RELATED PARTY TRANSACTIONS
AND
ON DEALING WITH
RELATED PARTY TRANSACTIONS***

This document is copyright protected in content, presentation, and intellectual origin, except where noted otherwise. You may not modify, remove, augment, add to, publish, transmit, participate in the transfer or sale of, create derivative works from, or in any way exploit any of the elements of this document, in whole or in part without prior written permission from Electrotherm (India) Limited.

Revised Policy approved and adopted by the Board: 13th February, 2019
Original Policy was approved by the Board: 15th November, 2014
Version - II



Contents

1. Introduction and Background	03
2. Scope & Inclusion	03
3. Terms and References	03
4. Policy	03 - 05

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction and Background:

Electrotherm (India) Limited (the “Company” or “EIL”) recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests. The Board of Directors (the “Board”) of EIL has adopted the following policy and procedures with regard to related party transactions. The Audit committee review and amend policy from time to time.

2. Scope & Inclusion:

This policy sets definition of materiality of related party transactions and dealing with related party transactions.

3. Terms and References:

3.1 Materiality of related party transactions Contracts / arrangements with a related party shall be considered as “material related party contracts / arrangements if the transactions during a financial year under such contracts / arrangements exceed the threshold prescribed by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. Policy:

- 4.1 All related party contracts / arrangements shall be entered on arms' length basis.
- 4.2 In exceptional circumstances, where permitted by law, related party contracts /arrangements may deviate from the principle of arm's length, after approval from Audit Committee and the Board of Directors as the case may be.
- 4.3 All related party contract / arrangements shall comply with the Companies Act, 2013.
- 4.4 All related party contract / arrangements shall comply with Listing Agreement/SEBI Regulations.
- 4.5 All related party contract / arrangements shall comply with Accounting Standards.

- 4.6 All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
- 4.7 All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
- 4.8 Approval of Audit Committee shall be taken for related party contracts / arrangements as required under the Companies Act and Listing Agreement.
- 4.9 Material thresholds for Related Party Transactions:

Nature of Transactions	Materiality as per Companies Act, 2013 (A)	Materiality as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (B)
Sale, purchase or supply of any goods or materials directly or through appointment of agents	Exceeding 10% of Turnover or Rs. 100 Crores, whichever is lower	All transactions with one party exceeding 10% of the annual consolidated turnover
Buying, selling or disposing of property of any kind directly or through appointment of agents	Exceeding 10% of Net worth or Rs. 100 Crores, whichever is lower	
Leasing of any kind of property	Exceeding 10% of Net worth or 10% of Turnover or Rs. 100 Crores, whichever is lower	
Availing or rendering of any services directly or through appointment of agents	Exceeding 10% of Turnover or Rs. 50 Crores, whichever is lower	

Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 250,000	
Remuneration for underwriting the subscription of any securities in or derivatives thereof Transfer of resources (e.g. loans and advances, interest thereon, guarantees)	Exceeding 1% of net worth	

Net worth and turnover would be as per Audited accounts of preceding financial year.

This policy has been modified and approved by the Board of Directors of the Company in their meeting held on 13th February, 2019 and would be effective from 1st April, 2019
