

ELCID INVESTMENTS LIMITED

POLICY ON DEALING WITH AND MATERIALITY OF RELATED PARTY TRANSACTIONS

1. SCOPE AND APPLICABILITY

This policy is called “Elcid Investments Limited – POLICY ON DEALING WITH AND MATERIALITY OF RELATED PARTY TRANSACTIONS” (“RPT Policy”).

Elcid Investments Limited (“the Company”) enters into transactions with Related Parties to carry on its day to day business. This RPT Policy shall apply while dealing with such Related Parties.

2. OBJECTIVE

Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides, among other things, that the Company shall formulate a Policy on dealing with Related Party Transactions.

This Policy intends to comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as may be amended from time to time) and the Companies Act, 2013 read with Rules and Regulations made thereunder, to ensure proper approval and reporting of dealings with Related Parties.

The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations.

3. MEANING OF TERMS USED

- a. **“Act”** means the Companies Act, 2013, including the Rules, Regulations schedules, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time
 - b. **“Arms’ length Transaction”**, means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
 - c. **“Audit Committee”** shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - d. **“Board”** refers to Board of Directors of Elcid Investments Limited
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- e. **“Company”** means **“Elcid Investments Limited”**
- f. **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as may be amended from time to time.
- g. **“Material transaction”** means a Transaction with a Related Party where any transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds (10) ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. A Transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the said Transaction to be entered into individually or taken together with the previous transactions during a financial year, exceed (2) two percent of the annual consolidated turnover of the Company as per the last audited financial statements.
- h. **“Related Party”** shall have the meaning ascribed to it in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act, including all amendments and modifications thereof from time to time.
- i. **“Related Party Transaction”** means transfer of resources, services or obligations between Company and a related party, regardless of whether a price is charged.
- j. **“Rules”** means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications or amendments thereof).
- k. **“SEBI LODR”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) and/or re – enactment(s) thereof for the time being in force).
- l. **“Transaction”** with a Related Party shall be construed to include single transaction or a group of transactions entered into under a single contract.
- m. **“Threshold Limits”** are financial limits for Transaction(s) with Related Party(s) in the ordinary of business and on an arms-length basis and which are set out in **Annexure A** to this Policy.

Words, terms and expressions used and not defined in these rules or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 but defined in the Act shall have the same meaning respectively assigned to them in the Act.

4. POLICY AND PROCEDURES FOR RELATED PARTY TRANSACTION

4.1. Identification of Related Parties and Related Party Transactions

- a. Before the start of each financial year, the Company shall draw up a list of Related Party(s) in accordance with the definition given in SEBI LODR. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard.
- b. All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him directly or indirectly.
- c. The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.

4.2. Approvals required for Transaction(s) with Related Party(s)

- A. Transactions with Related Party(s) in the ordinary course of business and on arms-length basis:

Transaction(s) with Related Party(s) in the ordinary course of business and at arm's length shall be subject to the prior approval of the Audit Committee and within the Threshold Limits. The Company shall not enter into any Transaction with a Related Party beyond the Threshold Limits, without the prior approval of the Board. The Board may approve the Threshold Limits of any Transaction not defined or mentioned in this Policy. The Board shall review the Threshold Limits at least once in every three years and make changes as and when necessary.

Approval of the Audit Committee shall not be required for transaction entered into between the Company and wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval. It is further clarified that following transactions shall not require approval of the Audit Committee:

- a. Transactions that have been approved by the Board as per other provisions of the Companies Act, eg; investment in wholly owned subsidiaries, loans to subsidiaries, etc.
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- b. Payment of dividend and other corporate actions like buy-back of shares, capital reduction, rights issue, issue of bonus shares, etc. which have been approved by the Board.
- c. Transactions involving corporate restructuring, mergers, demergers, etc. wherein the Board has approved such transactions and restructuring is subject to approval of Tribunals / Courts of competent jurisdiction.

Audit Committee may grant omnibus approval for Related Party Transactions within the overall Threshold Limits, proposed to be entered into by the Company and such approval shall be subject to the following:

- i. The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy, for Related Party Transactions which are repetitive in nature.
- ii. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. the omnibus approval shall specify:
 - (a) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - (b) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (c) such other conditions as the audit committee may deem fit:

Provided that where the need for related party transaction 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.

Audit Committee shall review on a quarterly basis, the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approvals given. The omnibus approvals by the Audit Committee shall be valid for a period of not exceeding one year and shall require fresh approvals after the expiry of one year.

B. Transactions with Related Party(s) not in the ordinary course of business and/ or on arms-length basis:

Transaction(s) with Related Party(s) not in the ordinary course of business and/or not at arm's length shall require prior approval of the Audit Committee as well as the Board and in accordance with the provisions of Section 188 of the Act, SEBI LODR and other applicable laws. Transaction(s) crossing the limits set out Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as may be amended from time to time, shall require prior approval of the shareholders of the Company in accordance with the procedure set out in Section 188 of the Act. For the purpose of such Transaction(s), the limits shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

C. Material Transactions with Related Party(s):

Material Transaction(s) with Related Party(s) shall require prior approval of the Audit Committee, Board and the shareholders of the Company.

In compliance with SEBI LODR, approval of the shareholders through resolution shall be taken for all such Material Transactions with Related Party(s) and such Related Party(s), irrespective of whether the entity is a party to a particular transaction or not, shall not vote to approve such resolutions.

Approval of the shareholders shall not be required for any Transactions to be entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, irrespective of their materiality.

4.3. Information to be provided for seeking approval:

Following details should be provided to the Audit Committee and/or Board, as the case may be, where approval for entering into Transactions with Related Party(s) are sought:

- (a) The name of the Related Party and nature of relationship;
- (b) The nature, duration of the contract and particulars of the contract or arrangement;
- (c) The material terms of the contract or arrangement including the value, if any;
- (d) Any advance paid or received for the contract or arrangement, if any;
- (e) The 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 to take a decision on the proposed transaction.

Audit Committee and/or Board may call for such additional information as may be required for granting approval to such Transactions.

4.4 Review of Related Party Transactions:

The Management shall lay down an appropriate framework including the pricing mechanism to ensure arm's length pricing for dealing with the Related Party(s). The Management shall institute appropriate administrative mechanism to ensure that all Related Party Transactions are in compliance and reviewed in accordance with these policies and procedures including maintenance of proper records in this regard.

All the transactions with Related Parties shall be referred to the Audit Committee for review at its scheduled quarterly meetings or as may be called upon by the Audit Committee from time to time along with all relevant information of such Transaction(s).

The Audit Committee may refer any of the Related Party Transactions brought before it or it being mandatory under any law, for approval of the Board. The Board may on its own accord also decide to review any Related Party Transaction.

The Audit Committee may seek advice of external consultants and experts on determining whether a particular transaction which is being considered by the Audit Committee would be regarded on an arms' length basis or otherwise.

5. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY

In the event any Transaction has been undertaken/is being undertaken with a Related Party without obtaining requisite approval under this Policy, such transactions should be immediately reported to the Company Secretary. Such Transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. Based on the information provided, the Audit Committee shall evaluate and take such necessary steps, as it may deem fit, including Ratification, Termination or Revision of any terms of the Related Party Transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered into with any related party in contravention of this Policy and recommend to Board for its consideration and approval.

6. AMENDMENTS TO THE POLICY

The Company is committed to continuously reviewing and updating our policies and procedures. Therefore, this policy is subject to modification.

This policy will be reviewed by the Board of Directors of the Company once in every three years and any amendment of any provision of this policy shall be promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of the amendment.

ANNEXURE A

THRESHOLD LIMITS FOR RELATED PARTY TRANSACTIONS IN THE ORDINARY COURSE OF BUSINESS AND ON ARMS-LENGTH BASIS

Before the start of each financial year, the Company shall determine the financial limits for Transaction(s) in the ordinary course and on an arms-length basis, with each Related Party for a financial year. The said financial limits shall be within the overall Thresholds Limits mentioned below:

Sr. No.	Nature of transactions	Threshold limits
1	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	5% of the Consolidated Turnover of the Company
2	Selling or otherwise disposing of or buying property / fixed assets of any kind, directly or through appointment of agent.	Rs. 10 Crores
3	Availing or rendering of any services, directly or through appointment of agent.	Rs. 60 Crores
4	Royalty received/Dividend Received from subsidiaries/ associates and Contributions to employee benefit trusts	Rs. 100 Crores
5	Other transactions in the ordinary course of business.	Rs. 5 Crores
6	Related party's appointment to any office or place of profit in the company, its subsidiary or associate company.	Remuneration shall be in accordance with the Company policy and applicable provisions of the Companies Act and SEBI LODR.