

POLICY ON RELATED PARTY TRANSACTION

EMPOWER INDIA LIMITED

Empower India Limited

CIN: L51900MH1981PLC023931

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Policy on Related Party Transactions

I. INTRODUCTION

Empower India Limited (“Company” or “EIL”) recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions whether such transactions are in the best interest of the Company and its stakeholders. Therefore, this policy regarding the review and approval of Related Party Transactions and the guidelines on materiality of such Related Party Transactions has been adopted by the Company in order to transparently set forth the procedures under which certain transactions with Related Parties (as defined below) must be approved.

II. DEFINITIONS

“Arm’s 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.

“Associate Company” means a company in which EIL has a significant influence but which is not a subsidiary company of EIL and includes a joint venture company of EIL.

“Audit Committee or Committee” means Audit Committee constituted by the Board of Directors of the Company under the provisions of the Listing Agreement (‘LA’) and the Companies Act, 2013, from time to time.

“Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time.

“Financial Year” means the period beginning April 1 of every calendar year and ending on March 31 of the succeeding calendar year.

“Holding Company” in relation to one or more other companies, means a company of which such companies are subsidiary companies.

“Independent Director” means an independent director referred to in Section 149(6) of the Companies Act, 2013, and clause 49 of the LA.

“Material Related Party Transaction” means a *“Related Party Transaction”*(including any transaction to be entered into with a Related Party, individually or taken together with previous transactions during a Financial Year) , which exceeds ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Relative”, shall have the same meaning as defined in section 2(77) of the Companies Act, 2013, namely with reference to any person, means anyone who is related to another, if:

1. They are members of a Hindu Undivided Family;
2. They are husband and wife; or
3. If he or she is related to another in the following manner:
 - a. Father including step-father;

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- b. Mother including step-mother;
- c. Son including step-son;
- d. Son's wife;
- e. Daughter;
- f. Daughter's husband;
- g. Brother including step-brother;
- h. Sister including step-sister

"Related Party", with reference to the Company, shall have the meaning defined in section 2(76) of the Companies Act, 2013 or under applicable accounting standards, namely—

- i. A director or his relative;
- ii. A key managerial person or his relative;
- iii. A firm, in which a director, manager or his relative is a partner;
- iv. A private company in which a director or manager or his relative is a member or director;
- v. 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;
- vi. 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;
- vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that sub-clauses (vi) and (vii) will not be applicable where the advice, directions or instructions are given in a professional capacity;

- viii. Any company which is a holding, subsidiary or an associate company of EIL or a subsidiary of a holding company to which EIL is also a subsidiary;
- ix. A director (other than an independent director) or key managerial personnel of the holding company or his relative;
- x. An entity which is related party under the applicable accounting standards.

"Related Party Transaction" means a contract or arrangement (including any transaction) as envisaged as a related party transaction under section 188 of the Companies Act, 2013 or under the Listing Agreement executed with the Stock Exchanges, as amended from time to time.

"Significant Influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement.

"Subsidiary Company" or "Subsidiary" in relation to a holding company means a company in which the holding company –

- (i) controls the composition of the Board of Directors; or exercises or controls more than one-half of the total share capital either at its own or
- (ii) together with one or more of its subsidiary companies:

Explanation.—for the purposes of this clause,—

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- (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.

"Transaction" in relation to a Related Party means the contract or arrangement with the Related Party and shall include, where required, any transaction thereunder with a Related Party in that Financial Year, whether entered into individually or not.

"Transactions in the ordinary course of business" means transactions which are in the ordinary course of business as per the judicial precedents in India from time to time.

Explanation – In view of the current judicial precedents, the following tests should be considered to determine if a transaction is in the 'ordinary course of business' of the Company:

- (a) the memorandum of association of the Company should include the business activity which is in question;
- (b) previous instances of the Company having carried out the activity in question; and
- (c) The activity in question should be in furtherance of the business objectives of the Company and there should be a close proximity of the activity in question with the normal business of the Company.

III. PROCESS AND PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTIONS

1. All Related Party Transactions and amendments or modifications thereto shall require prior approval of the Audit Committee.
2. The Audit Committee may grant omnibus approval to Related Party Transactions (subject to fulfillment of criteria for granting omnibus approval as specified in this policy) and such approval shall be equally applicable to transactions thereunder which are repetitive in nature.
3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
4. Such omnibus approval shall specify
 - i. the name/s of the Related Party and nature of the relationship; the nature, duration, material terms and other particulars of the 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.

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- Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval subject to the value not exceeding Rs.1 crore per Transaction.
5. The Audit Committee shall review, at least once every quarter, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by the Audit Committee.
 6. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
 7. Approval of the Board of Directors shall be required for entering into the Related Party Transactions which are not in the ordinary course of business or not an Arm's Length transaction (as defined in this policy).
 8. Approval of the shareholders shall be required for entering into the Related Party Transactions which are either not in the ordinary course of business or not on arms' length and exceeding the limits prescribed under the Companies Act, 2013 read with the rules framed thereunder and the circulars/notifications, etc. issued by the Ministry of Corporate Affairs from time to time.
 9. All Material Related Party Transactions shall require the approval of the shareholders.

IV. DISCLOSURE

The particulars of contracts or arrangement with Related Parties referred to in section 188(1) of the Companies Act, 2013 shall be disclosed in the Board's Report under Section 134 of the Companies Act, 2013.

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