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Artemis Electricals Limited

RELATED PARTY AND MATERIALITY EVENT POLICY

1. Preamble

The Board of Directors (the "Board") of **Artemis Electricals Limited** (the "Company") has adopted the following policy and procedures with regard to Related Party Transactions (hereinafter referred as "RPT") that the Company may enter into from time to time, in compliance with the requirements of Section 188 of the Companies Act, 2013 &Rules made there under (the "Act") and Securities And Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(Regulations).

The Board of Directors will review and amend this policy from time-to-time as and when necessary or required. The Audit Committee/Board/General Meeting, as applicable shall, subject to requirements of the Act and this Policy review, approve and ratify (if permissible) the RPTs in terms of the requirements of this Policy.

2. Objective

This Policy is intended to ensure proper approval and reporting of RPTs as applicable, between the Company and related party(ies) in the best interest of the Company and its Stakeholders.

3. Definitions

3.1 **"Audit Committee"** or "Committee" means the Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013.

3.2 **"Board"**means Board of Directors of the Company.

3.3 **"Key Managerial Personnel" or "KMPs"**means a key managerial personnel as appointed by the Board in accordance with Act.

3.4 **"Material Related Party Transaction"** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds

the thresholds as defined under the Companies Act, 2013 or Regulations.

3.5 "**Policy**" means this Related Party Transaction Policy.

3.6 "**Related**" **or** "**Related Party**" has the meaning assigned to such term under the Act.

3.7 "**Related Party Transaction**" has the meaning assigned to such term under the Act.

3.8 "**Relative**" has the meaning assigned to such term under the Act.

Capitalised term used in this Policy but not defined shall have meaning assigned to such term in the Act and the Regulations(as applicable).

This Policy shall deem to have become effective from 28th May 2018.

4. **Policy**

Except as otherwise provided in this Policy, all Related Party Transactions shall be reported to & placed forapproval of Whole Time Director & CFO and prior approval of Audit Committee is required in accordance with thisPolicy.

4.1 **Identification of Material Related Party Transactions**

a. The Company shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies in accordance with this Policy, along with their personal/company details including any revisions therein.

b. The Related Party List shall be updated whenever necessary and shall be reviewed quarterly.

c. The Company Secretary shall collate the information, coordinate and send the Related Party List to the concerned

employees viz. Whole-time Director, Chief Executive Office, Whole Time, Chief Financial Officer, Functional Heads, Branch Heads, the Finance & Accounts Department and who he/she believes might be in the position to know the possible conduct of RPTs.

d. The concerned employees shall submit to the Company Secretary the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate.

e. Based on this note, Company Secretary shall appropriately take up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.

f. Each Director/Key Managerial Personnel shall be responsible for providing written notice to the Company Secretary of any potential RPT involving him or her or his or her Relatives, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary shall, in consultation with othermembers of senior management and with the Audit Committee, as appropriate,determine whether the transaction does, in fact, constitute a RPT requiring compliancewith this Policy.

g. Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he or she shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he or she becomes concerned or interested at the first meeting of Board held after he or she becomes concerned or interested.

h. A contract or arrangement entered into by the Company without disclosure or with participation by a Director/ Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

i. The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of RTP after its commencement or even its completion may be appropriate in some circumstances.

4.2 **Related Party Transactions that shall not require Approval**

Following transactions shall not require separate approval under this policy:

- Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- Payment of Dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Equity Listing Agreement;

Material Related Party Transaction

- All Material Related Party Transactions shall be placed for prior approval of shareholders through Special Resolution. However, the Material Related Party Transactions entered between Artemis Electricals Limited and its wholly owned subsidiaries, if any, shall not require prior approval of shareholders.
- A transaction with a Related Party shall be considered Material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed

twenty percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Omnibus approval

Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company.

The Audit Committee, at its meeting, shall grant omnibus approval to Related Party Transactions that are:

a. repetitive in nature; and/or

b. entered in the ordinary course of business and are at Arm's Length. The expression Arm's Length has the meaning ascribed to it under Section 188 of the Companies Act, 2013.

The Audit Committee shall periodically change the criteria for granting the omnibus approval in line with the policy on RPTs of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

Such omnibus approval shall specify the following:

i. the name(s) of the related party

ii. nature of transaction,

iii. period of transaction,

iv. maximum amount of transaction that can be entered into,

v. the indicative base price / current contracted price and the formula for variation in the price if any and;

vi. such other conditions as the Audit Committee may deem fit;

Provided that where the need for RPT 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 per transaction.

Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

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

4.3 **Standards for Review**

A RPT reviewed under this Policy will be considered approved or ratified if it is authorised by the Audit Committee or the Board or the shareholders in the General Meeting, as applicable, in accordance with the standards set-forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- the Related Party's interest in the RPT;
- the amount involved in the RPT;
- whether the RPT was undertaken in the ordinary course of business of the Company;
- whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
- the purpose of and the potential benefits to the Company from the RPT;
- Whether there are any compelling business reasons for the Company to enter in to the RPT and the nature of alternative transaction, if any;
- Whether the RPT includes any potential reputational risk issues that may arise as a result of or in connection with the RPT.
- Whether the Company was notified about the RPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;
- Required public disclosure, if any; and
- Any other information regarding the RPT or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/Board/shareholders, as applicable in light of the circumstances of the particular Transaction.

5. **Amendments to the Policy**

- The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Adopted by Board of Artemis Electricals Limited

Chandrahas Narayan Shetty
Whole-Time Director & Chief Executive Officer
28th May 2018