

Panasonic Energy India Company Limited

Panasonic

Related Party Transaction Policy

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1. Introduction

1.1. Applicability

The Board of Directors (“the Board”) of Panasonic Energy India Co. Ltd. (“the Company” or “PEICL”), has adopted the following policy with regard to Related Party Transactions as defined below.

- 1.1.1. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company. Audit Committee shall determine the procedure to be followed in order to comply with the Policy. The Board shall review this policy at least once in every three years and update this Policy accordingly and the Audit Committee may review and amend procedures required to comply with the Policy from time to time.
- 1.1.2. The Policy shall be effective from April 01, 2022 and the same shall be applicable to all prospective transactions.

1.2. Purpose

- 1.2.1. This policy is framed as per requirement of Section 188 of the Companies Act as well as Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.
- 1.2.2. The Company is required to disclose each year in the Financial Statements transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties. The policy also seeks to ensure that related party transactions are appropriately reported to the regulatory authorities and are also in compliance with other regulatory requirements like the Income Tax Act, 1961, the Accounting Standards, etc.

2. Interpretation

2.1. Definitions

- 2.1.1. “**Annual Turnover**” and “**Annual Consolidated Turnover**” means turnover of the Company as reflected in the Audited Financial Statements of the preceding Financial Year on standalone and consolidated basis respectively;
- 2.1.2. “**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;
- 2.1.3. “**Arm’s Length Price**” means a price which is applied or proposed to be applied in a transaction between two unrelated persons;

2.1.4. **“Associate Company”**, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

For the purpose of this clause,

(a) the expression "significant influence" means control of at least twenty per cent. of total voting power or control of or participation in business decisions under an agreement;

(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

2.1.5. **“Audit Committee” or “Committee”** means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of Companies Act, 2013;

2.1.6. **“Board”** means Board of Directors of the Company;

2.1.7. **“Chief Executive Officer”** means an officer of the Company, who has been designated as such by it;

2.1.8. **“Chief Financial Officer”** means a person appointed as the Chief Financial Officer of the Company;

2.1.9. **“Company Secretary”** means a person who is appointed by the Company to perform the functions of the Company Secretary under the Companies Act, 2013;

2.1.10. **“Key Managerial Personnel”** means -

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the Company Secretary;

(iii) the Whole-time Director;

(iv) the Chief Financial Officer;

(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) such other officer as may be prescribed

2.1.11. **“Material Modification(s)”** means-

Any variation in terms of the existing Related Party Transaction that results into the following shall be considered as “Material Modification”:

- i. revision in terms of pricing or value which has financial impact exceeding:
 - a. 50% of the current value of that Related Party Transaction; or

- b. Rs. 1,000 million; or
 - c. 10% of the standalone turnover of the Company;
whichever is higher.
- ii. change (increase or decrease) in the duration of the Related Party Transaction by more than five years or half of the original tenure, whichever is longer, unless any extension is agreed for the purpose of completing any residual performances;
 - iii. change in the existing terms of payment of the Related Party Transaction unless the same is done on account of any regulatory or policy amendment; and
 - iv. such other modification as the Audit Committee may deem appropriate to be a 'Material Modification' considering other terms and value of the Related Party Transaction.

2.1.12. **“Material Related Party Transaction”** means a transaction with a related party if –

- (a) A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity or the Company as the case may be, as per the last audited financial statements of the listed entity, whichever is lower.; or
- (b) A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity or Company as per the last audited financial statements of the listed entity.
- (c) The transaction(s) to be entered into, other than transactions entered into by the Company in its ordinary course of business if the same are on an arm's length basis, is in relation to —
 - (a) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to 10% or more of the turnover of the company; or
 - (b) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company; or
 - (c) leasing of property any kind amounting to 10% or more of the turnover of the company; or
 - (d) availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company; or
 - (e) appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees; or

- (f) remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the net worth.

2.1.13. **“Net worth”** means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;

2.1.14. **“Policy”** means Related Party Transaction Policy;

2.1.15. **“Related party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards and includes:

- (a) A director or his relative;
- (b) A key managerial personnel or his relative;
- (c) A firm, in which a director, manager or his relative is a partner;
- (d) A private company in which a director or manager or his relative is a member or director;
- (e) 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;
- (f) 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;
- (g) Any person under whose advice, directions or instructions a director or manager is accustomed to act;

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (h) Any body corporate which is—
 1. A holding, subsidiary or an associate company of company;
 2. A subsidiary of a holding company to which it is also a subsidiary; or
 3. An investing company or the venturer of the company;
- (i) such other person as may be prescribed.

“Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the Company;
or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

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 immediate preceding financial year; shall be deemed to be a related party:”

2.1.16. **“Related Party Transaction”** means a transfer of resources, services or obligations between

- (i) The Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) The Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

2.1.17. **“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another in any of the following manner –

- (a) they are members of a Hindu Undivided Family ;
- (b) they are husband and wife ;
- (c) father (including step-father)
- (d) mother (including step-mother)
- (e) son (including step-son)
- (f) son’s wife
- (g) daughter
- (h) daughter’s husband
- (i) brother (including step-brother); or
- (j) sister (including step-sister)

2.1.18. **“RPT Process”** means detailed procedure approved and amended from time to time by the Audit Committee in order to ensure compliance with the Policy.

2.1.19. **“Whole-time Director”** includes a director in the whole-time employment of the company.

3. Related Party Transaction Policy

3.1. Policy

3.1.1. All Related Party Transactions and subsequent material modifications must be reported to the Audit Committee of the Company and referred for prior approval by the Committee in

accordance with this Policy. Provided that only those members of the audit committee, who are Independent Directors, shall approve RPTs. Where any director is considered interested in any transaction with Related Party, such director shall not be present at the meeting during discussions and vote on the subject matter of the resolution relating to such transaction. However, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company in accordance with Para 3.5 of this Policy.

- 3.1.2. Upon approval by the Audit Committee, Related Party Transactions which are not in the ordinary course of business or not at the arm's length price and subsequent material modifications must be referred to the Board for prior approval in accordance with this Policy. Where any director is considered interested in any transaction with Related Party, such director shall not be present at the meeting during discussions and vote on the subject matter of the resolution relating to such transaction.
- 3.1.3. Upon approval by the Audit Committee / Board of the Company, all Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through resolution. No Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

3.2. Identification of Related Parties

- 3.2.1. Every Director and Key Managerial Personnel is responsible to declare any person or entity that would be regarded as Related Party for the Company in accordance with this Policy on account of his being director or key managerial personnel of the Company. Such declaration shall include disclosure of his (and his relative's) concern or interest in any company or companies or bodies corporate, firms or such other association of individuals which shall include the shareholding, directorship, membership, partnership, etc.
- 3.2.2. Company Secretary shall identify other persons or entities that would be regarded as Related Parties on account of their relationship. on a yearly basis based on the information available with him or after making enquiries as may be necessary.
- 3.2.3. Company Secretary shall prepare a comprehensive List of Related Parties based on the information received from Director and Key Managerial Personnel. Such list shall be updated on a yearly basis, or more frequently if need arise, and circulated to all the persons having authorities to carry out any transactions so that the Policy can be adhered to.
- 3.2.4. Audit Committee of the company shall determine the procedure to be followed for declaration as well as compilation and circulation of the comprehensive List of Related Parties.

3.3. Identification of Potential Related Party Transactions

- 3.3.1. Every officer of the Company entrusted with the authority to enter into any transaction shall be responsible for providing notice to the Board or Audit Committee of the Company, through Secretarial Department of any potential Related Party Transaction and subsequent material modifications involving the Company and the Related Party listed in the comprehensive list

prepared and circulated by the Company Secretary. Board / Audit Committee, through Secretarial Department, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

3.3.2. It is strongly preferred to receive notice of any potential Related Party Transaction and subsequent material modifications well in advance so that the Audit Committee / Board of the Company has adequate time to obtain and review information about the proposed transaction.

3.4. Review and Approval of Related Party Transactions

3.4.1. All Related Party Transactions and subsequent material modifications will be referred to the next meeting of Audit Committee of the Company for review and Prior approval. Provided that only those members of the audit committee, who are Independent Directors, shall approve RPTs. Any member of the Committee who has a potential interest in any Related Party Transaction shall not be present at the meeting during discussions and vote on the subject matter of the resolution relating to such transaction.

3.4.2. However, in case where the Audit Committee of the Company has granted Omnibus Approval for the Related Party Transactions proposed to be entered into by the Company in accordance with Para 3.5 of this Policy, prior approval of Audit Committee for each such transaction shall not be required.

3.4.3. To review a Related Party Transaction and subsequent material modifications, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction and any other relevant matters. In determining whether to approve a Related Party Transaction and subsequent material modifications, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (a) Whether the terms of the Related Party Transaction and subsequent material modifications are fair and on arms' length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (b) Whether the Related Party Transaction and subsequent material modifications would affect the independence of an independent director;
- (c) Whether the Audit Committee or the Board, through Secretarial Department, was notified about the Related Party Transaction and subsequent material modifications before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company.

3.4.4. In case the Committee determines that a Related Party Transaction and subsequent material modifications should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then also the same shall be referred to the Board for approval and the process set forth in Para 3.6 shall apply to such transaction as well.

3.4.5. Audit Committee of the Company shall determine the RPT Process, which shall include the procedure to be followed and details to be submitted by various officers in order to enable the Company to comply with this Policy.

3.5. Omnibus Approval by Audit Committee

3.5.1. Audit Committee may grant omnibus approval in respect of Related Party Transactions which are repetitive in nature. Audit Committee shall lay down the criteria for granting the Omnibus Approval in accordance with this Policy.

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

3.5.3. Such Omnibus Approval shall specify –

- (i) the name of the related party,
- (ii) nature of transaction & duration of transaction,
- (iii) maximum amount of transaction that can be entered into,
- (iv) the indicative base price / current contracted price and the formula for variation in the price, if any, and
- (v) such other conditions as the Audit Committee may deem fit.

3.5.4. In case 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 per transaction.

3.5.5. Audit Committee shall review on a quarterly basis the details of Related Party Transactions 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.

3.5.6. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

3.6. Additional Review and Approval of Related Party Transactions

3.6.1. Upon approval by the Audit Committee of the Company, Related Party Transactions which are not in the ordinary course of business or not at the arm's length price and subsequent material modifications will be referred to the next meeting of the Board for review and prior approval. Upon submission for the approval by the Board, the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

3.6.2. The Board may seek further information or clarification as may be necessary for them to reach to the conclusion on the matter. Any member of the Board who has a potential interest in any Related Party Transaction shall not be present at the meeting during discussions and vote on the subject matter of the resolution relating to such transaction.

3.7. Additional Review and Approval of Material Related Party Transactions

- 3.7.1. Upon approval by the Board, if the proposed transaction and subsequent modification is Material, it will be placed for Prior approval of the shareholders by resolution during the next General Meeting.
- 3.7.2. The shareholders shall be provided with the relevant information regarding the proposed Related Party Transaction and subsequent material modifications in Explanatory Statement to be annexed to the notice of General Meeting so as to enable the shareholders to take decision on the same. After discussion in the General Meeting, the shareholders may pass resolution, with such modification as may be necessary or appropriate as they may deem fit.
- 3.7.3. No member of the Company shall vote on such resolution, to approve any transaction and subsequent material modifications which may be entered into by the Company, if such member is a Related Party, irrespective of whether the member is a party to the particular transaction or not.

3.8. Related Party Transactions not approved under this Policy

- 3.8.1. In the event the Company becomes aware of a Related Party Transaction and subsequent material modifications with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee / Board. The Committee / Board shall consider all of the relevant facts and circumstances regarding the Related Party Transaction and subsequent material modifications, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee / Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction and subsequent material modifications to the Committee under this Policy, and shall take any such action it deems appropriate.
- 3.8.2. In any case, where the Committee / Board determines not to ratify a Related Party Transaction and subsequent material modifications that has been commenced without approval, the Committee / Board, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction and subsequent material modifications, the Committee / Board has authority to modify or waive any procedural requirements of this Policy.

3.9. Exceptions

- 3.9.1. Approvals of Audit Committee / Board of Directors / Shareholders under this Policy shall not be applicable in following cases:
 - (a) Transaction entered into by the Company with wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, if –
 - (i) the transaction is in the Company's ordinary course of business and the same is on an arm's length basis; or
 - (ii) the transaction pertains to making investment in or granting of loan or issuance of guarantee on behalf of such wholly owned subsidiary

- (b) Any transaction that involves the providing of compensation to a director in connection with his or her duties to the Company
- (c) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

3.10. Implementation

- 3.10.1. This Policy will be communicated to all concerned employees and other persons of the Company and the same shall be effective from April 01, 2022.
- 3.10.2. Audit Committee of the Company shall determine the procedure to be followed in order to comply with the Policy and the same will be communicated to all concerned employees and other persons of the Company.

4. Disclosure :

The Company shall make

- I. In every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023; disclosures of related party transactions on a consolidated basis, in the format as specified by the SEBI from time to time for annual results to the stock exchanges, and publish the same on its Website.
- II. The details of material transactions with related parties to be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- III. Disclosure of related parties and transaction with related parties as per Applicable Accounting standards in the notes to account forming part of Financials of the Company
- IV. Maintain the register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party
- V. Disclosures as appropriate concerning the Related Party Transactions and/or Material Related Party Transactions shall be made in the Annual Report of the Company including its Financial Statements, on the website of the Company and also to the Stock Exchanges where equity shares of the Company are listed and to such other authority as may be prescribed from time to time
- VI. The Board's Report will contain details of contracts or arrangements or transactions (i) not at arm's length basis and (ii) material (based on the thresholds laid down under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014) contracts or arrangement or transactions at arm's length basis and/or in ordinary course of business, along with justification for entering into such transaction in accordance with the requirements of Companies Act, 2013 and rules made thereunder.

5. Miscellaneous

- 5.1. Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 & Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Accounting Standards and other applicable provisions for the time being in force.
- 5.2. In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules/Act/Listing Regulations shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall mutatis mutandis apply to /prevail upon this Policy