

EVERLON FINANCIALS LIMITED

(Formerly Known as Everlon Synthetics Limited)

CIN:- L65100MH1989PLC052747

RELATED PARTY TRANSACTION POLICY

EVERLON FINANCIALS LIMITED

I. Objective:

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the applicable law. This policy applies to any transaction where the Company is a participant, and the Related Party has or will have a direct or indirect material interest in the transaction. This Policy may be amended at any time in accordance with the applicable laws and is subject to further guidance from the Audit Committee/Board of Directors.

II. Guiding Act/Regulations/Rules

- a) The Companies Act, 2013 and rules made there under
 - b) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015("Listing Regulation") as amended from time to time
 - c) Indian Accounting Standard - 24
- As per the applicability, the listed company/s (equity listed company) will be required to comply with (a), (b) & (c). As for unlisted companies, it will be required to comply with (a) and (c).

III. Definitions:

- (i) "Arms length transactions" means transactions between two related parties that are conducted as if they were unrelated, so that there is no conflict of interest
- (ii) "Audit Committee" or "Committee" means Committee of the Board of Directors of the Company constituted under the provisions of the Listing Regulation and / or the Companies Act, 2013.
- (iii) "Board" means the Board of Directors of the Company.
- (iv) "Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 "Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013
- (v) "Material Related Party Transaction" mean transactions as defined under Regulation 23(1) and 23(1A) of Listing Regulations and/or contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.. "Policy" means the Policy on Related Party Transactions
- (vi) "Related Party" 'shall have the same meaning as defined under Regulation 2(1)(zb) of Listing Regulation and sub-section (76) of Section 2 of the Companies Act, 2013 and applicable Accounting Standard: *Illustrative List of Related Party is attached as Annexure A and the said will be amended from time to time as per the changes in the group structure.
- (vii) "Relative" shall have the same meaning as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under. Note: Any

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definition not mentioned above shall have the same meaning as defined under the Companies Act, 2013, Listing Regulations and applicable Accounting Standard.

- (viii) Related Party Transactions (RPT) (a) "Related Party Transactions" or "RPTs" means transactions as given under Section 188 of the Companies Act, 2013 including Rules thereof and as defined in Regulation 2(1)(zc) of the Listing Regulations. (b) As per Section 177 of the Companies Act, 2013 and Rules framed thereunder the approval of Audit Committee is required for any transactions of the Company with Related Parties including any subsequent modification thereof. Further, the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions, as may be required under the Companies Act, 2013 and Rules framed thereunder, Listing Regulation, RBI Directives and other applicable law.

IV. COMPLIANCES/APPROVALS/PROCESSES WITH RESPECT TO RELATED PARTY TRANSACTIONS

In compliance and as provided in Section 188 of the Companies Act, 2013 and the Listing Regulation the following process is put in place:

A. Approval of the Board/ Audit Committee:

- (i) Listed Companies (Everlon Financials Limited):(means the Company whose equity shares are listed on Stock Exchanges):

All proposed related party transactions / arrangements or any modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arm's length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval. All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- i. The Audit Committee lays down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. while granting omnibus approval, the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of 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; 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 per transaction.

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- iv. 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.
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- vi. Related Party Transactions as defined under Section 188 of Companies Act, 2013 which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, will be placed before the Board for its approval.

B. Approval of Shareholders:

- i. contracts or arrangements with respect to sale, purchase or supply of any goods or materials directly or through appointment of agents amounting to ten percent or more of the turnover of the Company.
- ii. contracts or arrangements with respect to selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents amounting to ten percent or more of net worth of the Company.
- iii. contracts or arrangements with respect to leasing of property of any kind amounting to ten per cent or more of the turnover of the Company.
- iv. contracts or arrangements with respect to availing or rendering of any services directly or through appointment of agents amounting to ten percent or more of the turnover of the Company.
- v. 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.
- vi. remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth.

C. Materiality Threshold:

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

D. Review of RPTs by Audit Committee:

Review of transactions with related parties pursuant to Indian Accounting Standard – 24 will be done by Audit Committee on quarterly basis.

E. Disclosure:

- i. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ii. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

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- iii. The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial result for the half year, disclosures of related party transactions on a consolidated basis to the Stock Exchange(s) and publish the same on its website.

F. CRITERIA/DOCUMENTS/PROCESS FOR ALL TRANSACTIONS WITH RELATED PARTIES:

- a. For all the transactions, due documentation by way of contract/agreement/bills/invoices/ should be in place.
- b. All the related party transactions shall be subject to the applicability, limits, enablement and other conditions as prescribed under the applicable Acts, Rules, Regulations and circulars and guidelines of Regulatory authorities including RBI, SEBI, MCA, Income Tax, etc.
- c. In case of infrastructure and common sharing arrangement, the terms of arrangement including the nature and quality of services, consideration and other terms and conditions shall be as comparable with the terms if availed from the market/third parties.
- d. In case of purchase/sale of fixed assets or other assets, the same shall be at market prices or per the valuer certificate.
- e. Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction and ensure that the terms are comparable with the market rates/practices at the particular point of time and on arms length basis.

The following information will be taken into account when assessing a Related Party Transaction:

- i. The terms of such transaction;
 - ii. The Related Person's interest in the transaction;
 - iii. The purpose and timing of the transaction;
 - iv. the nature of the Company's participation in the transaction;
 - v. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
 - vi. Information concerning potential counterparties in the transaction;
 - vii. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
 - viii. Any other relevant information regarding the transaction.
- f. Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting, should be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. If the said ratification is not done such contract or arrangement shall be voidable at the option of the Board;

Any other regulatory changes in this regard will stand updated in the policy from time to time.

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