



Policy on Material Related Transactions

(Version 1.2 duly approved by Board of Directors in its meeting held on 12.02.2016)

LEEL Electricals Limited

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1. Preamble:

The Board of Directors of LEEL Electricals Limited (Formerly Lloyd Electric & Engineering Ltd.) has adopted the following policy and procedures with regard to the Related Party Transactions as defined below. The Audit Committee shall review and may propose amendments to this policy as may be required. The policy will be applicable to the Company. The objective of the policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the Company.

2. Definitions

"Act" shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"Arm's Length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

"Associate Company" shall mean any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

"Audit Committee" or "Committee" means "Audit Committee" of the Board of Directors of the Company.

"Board of Directors" or "Board" means the Board of Directors of the Company.

"Company" means LEEL Electricals Limited (formerly Lloyd Electric & Engineering Ltd.)

"Financial year" shall have the same meaning as assigned to it under sub-section (41) of section 2 of the Companies Act, 2013;

"Key Managerial Personnel" means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

"Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

"Policy" means Related Party Transaction Policy of the Company.

"Related Party" means a person or an entity:

- (i) which is a related party under section 2(76) of the Companies Act, 2013; or
- (ii) which is a related party under the applicable accounting standards.

Related party under section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows-

- (i) a director or his relative;
- (ii) a key managerial personnel 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 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) anybody 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 nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is—
 - a. holding, subsidiary or an associate company of such company; or
 - b. subsidiary of a holding company to which it is also a subsidiary; or
 - c. an investing company or the venturer of the company;

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- (ix) Director or Key Managerial Personnel of the holding company or his relative; or
- (x) such other persons as may be prescribed by Central Government time to time.

"Related Party Transaction" means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, 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:

“Material Related-Party Transaction” means any transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

"Relatives" "Relative", with reference to any person, means anyone who is related to another, if-

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other person as:
 - a. Father (including step-father)
 - 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)

3. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

3.1 Identification of Potential Related Party Transactions

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

All Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit

Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

3.2 Process and Procedure for dealing with Related Party Transactions:

Approval of Audit Committee:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in Regulation 23 of the Listing Regulations.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Companies Act, 2013 and Rules thereunder and the Listing Regulations.

Approval of Board:

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and 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.

Approval of Shareholders:

All the material Related Party Transactions shall require approval of the shareholders and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

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.

3.3 Related Party Transactions that shall not require approval

Following transactions shall not require separate approval under this policy:

- (I) 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;
- (II) Transactions that have been approved by the Board under the specific provisions of the Companies Act, 2013 e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- (III) Payment of Dividend;
- (IV) 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 Listing Regulations
- (V) Contribution to Corporate Social Responsibility (CSR), subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

4. Related Party Transactions not approved under this policy:

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

5. Disclosures

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance.



The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

Further, information in accordance with section 134 of the Companies Act, 2013 w.r.t. related party transactions shall also be disclosed in the Annual Report.

6. General Principles

It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions.

- (I) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- (II) The Audit Committee shall have the following powers with respect to Related Party Transactions: -
 - a. To seek information from any employee.
 - b. To obtain outside legal or other professional advice.
 - c. To secure attendance of outsiders with relevant expertise, if it considers necessary
 - d. To investigate any Related Party Transaction.
- (III) The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

7. Amendments to the Policy:

Any subsequent amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy. The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.
