



## EROS INTERNATIONAL MEDIA LIMITED

<b>Policy Name</b>	Related Party Transaction Policy
<b>Policy Approval Date</b>	13 <sup>th</sup> February 2015
<b>Policy Effective Date</b>	1 <sup>st</sup> October 2014
<b>Date of Board meeting for review/revising the policy</b>	8 <sup>th</sup> February, 2018
<b>Effective Date of revised/reviewed Policy</b>	9 <sup>th</sup> March, 2018
<b>Policy Owner</b>	Designation: Group Chief Financial Officer (India) Name: Mr. Farokh P. Gandhi

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### 1. Preamble

Eros International Media Limited recognizes that certain relationships can present potential or actual conflicts of interest which may raise questions about whether transactions associated with such relationships are consistent with Company's and its stakeholders' best interests. The company must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

The Board of Directors (the "Board") of Eros International Media Limited (the "Company") has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes materiality threshold and the manner of dealing with Related Party Transactions ('Policy') in compliance with the regulatory requirements. Any subsequent/modification in the listing agreement and/or other applicable laws in this regard will be considered by the Board based on the recommendations of the Audit Committee, from time to time.

### 2. Policy Objectives

This Policy is intended to ensure due and timely identification, approval, disclosure reporting and transparency of transactions between Company and any of its Related Parties in compliance with the applicable laws and regulations, as may be amended from time to time.

### 3. Applicability of Regulations

Sr. No.	Regulations	Section/Clause
1	Companies Act, 2013	Section 188 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014
2	SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015	Regulation 23 and other points related to Related Party
3	Indian Accounting Standard	Accounting Standard 18

\* Note: Refer Compliance Annexure for detailed sections, clauses and rules.

### 4. Definitions

- 4.1. “**Act**” means the Companies Act 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 4.2. “**Arms 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.
- 4.3. “**Associate Company**” means any other company, in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company.
- Explanation – For the purpose of this clause, “significant influence” means Control of at-least twenty percent of total share capital or of business decisions under an agreement.
- 4.4. “**Audit Committee or Committee**” means the Committee of Board constituted from time to time as per Listing Regulations and Section 177 of the Companies Act, 2013 and as amended from time to time.
- 4.5. “**Board of Directors**” or “**Board**”, in relation to a Company, means the collective body of the directors of the company constituted from time to time under the provisions of Companies Act, 2013.
- 4.6. “**Company**” means Eros International Media Limited.
- 4.7. “**Key Managerial Personnel**”, in relation to a company, 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; and
  - (v) such other officer as may be prescribed;
- The above definition is an exhaustive definition but point number (v) gives the power to the legislature to include some other personnel also within the definition of Key Managerial Personnel as may be deemed fit by them from time to time.
- 4.8. “**Material Related Party Transaction**” 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, exceeds ten percent of the annual

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consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Regulation, whichever is stricter, from time to time.

4.9. “**Related Party**” means a person or an entity:

- a. which is related party under section 2(76) of the Companies Act 2013; or
- b. 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 or his relative is a member or director;
- V. a public company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital;
- VI. anybody 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 sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- VIII. any company which is—
  - (a) a holding, subsidiary or an associate company of such company; or
  - (b) a subsidiary of a holding company to which it is also a subsidiary;
- IX. such other persons as may be prescribed

### **Related party as per Accounting Standard 18**

- a. Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);

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- b. Associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
- c. Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- d. Key management personnel and relatives of such personnel; and
- e. Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

4.10. **“Related Party Transaction”** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged.

4.11. . The transfer of resources, services or obligation mentioned aforesaid include -

**(a) As per section 188 of Companies Act, 2013:**

- a. Sale, purchase or supply of any goods or materials;
- b. Selling or otherwise disposing of, or buying property of any kind;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;

**(b) As per Accounting Standard 18:**

- h. Financing (including loans and equity contributions in cash or kind);
- i. License agreements
- j. Transfer of research and development
- k. Guarantees and collaterals and
- l. Management contracts including for deputation of employees.

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*(The above is an indicative list and not an exhaustive one).*

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

- a. Members of a Hindu undivided family;
- b. Husband or 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).

4.13. “**Transaction**” with a related party shall be construed to include a single transaction or a group of transactions.

The terms **Director, Chief Financial Officer, Company Secretary**, shall have the same meaning as assigned under the Companies Act, 2013.

### 5. Guiding Principles

- Analysis and discovery of true rationale for related party transactions by applying guiding factor of “*substance over form*”.
- Related party transactions are either on arm’s length basis or in the best interest of the Company and collectively its shareholders.
- Effective Governance of related party transaction by ensuring appropriate approvals.
- Ensuring transparency disclosures of related party transactions in an accurate manner.
- Ensuring transparent disclosures of related party transactions as a part of financial statements.

### 6. Policy

The Audit Committee will review and approve all Related Party Transactions based on this Policy.

6.1. Declaration for potential Related Party/Related Party Transaction

(I) Responsibility of Director and Key Managerial Personnel

Provide Declaration:

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Every Director and Key Managerial Personnel will be responsible for providing a declaration in a predefined format (finalized by the Company Secretary and approved by any Executive Director), containing the following information to the Company Secretary on an annual basis: (Refer Annexure 1)

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).
7. Information like PAN numbers, other tax registration numbers, address etc should be obtained.

### Updating the Company Secretary & the Board:

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board. (Refer Annexure 2).

### (II) Responsibility of Company Secretary

#### Updating records:

The Company Secretary will be responsible to maintain an updated database of information pertaining to Related Parties, which will reflect details of:

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;



5. Director or Key Managerial Personnel of the holding company or their Relatives;
6. All Eros Group entities;
7. List of major shareholders of the Company and,
8. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement or the relevant Accounting Standard.

The database will be updated whenever necessary and will be reviewed at least once a year jointly by the Company Secretary and Chief Financial Officer. The functional / business heads / Chief Financial Officer /Company Secretary/ will have access to the updated database.

### Proactive detective control measure for detecting Related Party(ies).

To search the names of related parties, their PAN numbers, other tax registration numbers in the register of contracts (maintained under the Companies Act, 2013), the vendor ledgers, the payment ledgers maintained as part of books of accounts, in a proactive manner to identify related party transactions which are existing but not declared or approved. The above activity shall be similarly carried out in to the register of loans and investments to proactively identify, if any, related party loans and investments are made which are not approved.

The Chief Financial Officer in consultation with any Executive Director of EIML may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise will be brought to the notice of the Audit Committee. Based on this Notice, the Chief Financial Officer will take it up for necessary approvals under this Policy.

## 6.2. Review and Approval of Related Party Transaction

### 6.2.1. Approval of the Board and the Audit Committee

- All Related Party Transactions will be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode, as required by Listing Regulations. Related Party Transactions stated in section 188 (1) of the Companies Act, 2013 and as enumerated in Table 1 below will be subject to the prior approval of the Board given by a resolution at a meeting of the Board, as required by Companies Act, 2013.

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- Where any director is interested in any contract or arrangement with a related party, such director will not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval / omnibus approval. While granting the approval for related party transactions proposed to be entered into by the Company, the Audit Committee will satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:
  - a. Name(s) of the related party
  - b. Nature of the transaction
  - c. Period of the transaction
  - d. Maximum amount of the transactions that can be entered into
  - e. Indicative base price / current contracted price and formula for variation in price, if any
  - f. Such other conditions as the Audit Committee may deem fit.
- Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors will require a prior approval of the Committee.
- 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. The details of such transaction will be reported at the next meeting of the Audit Committee for ratification.
- Audit Committee shall review, at-least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given. The omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

### 6.2.2. Exceptional cases for Approval

In exceptional cases where a prior approval is not taken due to;

- a. An inadvertent omission

b. or Unforeseen circumstances;

- such transactions will be placed as promptly as practicable before the Committee/Board/ Shareholders as may be required in accordance with this Policy for review and ratification. The Committee/Board/Shareholders will consider all relevant facts and circumstances respecting such transaction and will evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company will take such action as the Committee deems appropriate under the circumstances.

Suppose, the Contract has been made but the approval has not taken either in the Board Meeting or Shareholders Meeting within 3 months from the date of Contract. In that case the Contract will be voidable at the option of the Board.

### 6.2.3. Consideration by the Board/Committee in Approving the Proposed Transactions

While considering any transaction, the Board/ Committee will take into account all relevant facts and circumstances:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company,
- e. While considering the arm's length nature of the transaction, the Committee will take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee will take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction, the

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benefits to the Company and to the Related Party, and any other relevant matters.

### 6.2.4. Approval of Shareholders

- (a) First proviso to section 188 of Act requires prior approval of shareholders, by special resolution, for related party transaction prescribed under section 188(1) that are neither in the ordinary course of business of the company nor on an arm's length basis.
- (b) Under the Rules, shareholders' approval by special resolution is required for the following related party transactions mentioned over and above mentioned in para (a):

Table 1:

Sr. No.	Details	Reference
1	Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company or rupees 100 crore, whichever is lower	Clause (a) and clause (e) respectively of sub-section (1) of section 188
2	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent. of net worth of the company or rupees 100 crore, whichever is lower	Clause (b) and clause (e) respectively of sub-section (1) of section 188
3	Leasing of property of any kind exceeding ten per cent. of the net worth of the company or ten per cent. of turnover of the company or rupees 100 crore, whichever is lower	Clause (c) of sub-section (1) of section 188; 4 THE GAZETTE OF INDIA : EXTRAORDINARY [PART II—SEC. 3(i)]
4	Availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company or rupees 50 crore, whichever is lower	Clause (d) and clause (e) respectively of sub-section (1) of section 188

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5	Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding 2.5 lakh rupees	Clause (f) of sub-section (1) of section 188
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth	Clause (g) of sub-section (1) of section 188.

\* Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year

\* In case of wholly owned subsidiary, the special resolution passed by the holding company will be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

(c) Listing Regulations- All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Explanation: All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

All existing material related party contracts or arrangements entered into prior to the date of notification of Listing Regulations viz. September 2, 2015 and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of the Listing Regulations.

(d) As per MCA General Circular No, 30/2014 Contracts entered into by companies, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of Section 188 of the Companies Act, 2013, will not require fresh approval under the said section 188 till the expiry of the original term of such contracts. Thus, if any modification in such contract is made on or after

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1<sup>st</sup> April, 2014, the requirements under section 188 will have to be complied with.

### 7. Disclosure

- Every Related Party Transaction entered into by the Company will be referred to in the Board's report to the shareholders along with justification for entering into such transaction. The Chief Financial Officer will be, responsible for such disclosure.
- The Company shall make disclosures in compliance with the Accounting Standard on "Related Party Disclosures".
- The disclosure requirements shall be as follows:

Sr. No.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.
1	Holding	Loans and advances in the nature of loans to subsidiaries by name and amount. Loans and advances in the nature of loans to associates by name and amount. Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount.
2	Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company.
3	Holding Company	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.

- The Company Secretary will also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.
- Policy of dealing with RPTs to be disclosed on website and in annual report. A web link where policy on dealing with related party transactions has to be disclosed in Annual Report;

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- Materially significant related party transactions that may have potential conflict with the interests of Company at large, shall be disclosed in Annual Report;
- Disclosure by interested directors shall have same meaning as given in Section 184 of the Companies Act, 2013- every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into:
  - with a body corporate in which such director or such director in association with any other director, holds more than 2% shareholding of that body corporate, or
  - with a body corporate in which such director is a promoter, manager, Chief Executive Officer of that body corporate; or
  - with a firm or other entity in which, such director is a partner, owner or member, as the case may be;

will disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed. Where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

### 8. Review of Policy

This Policy shall be reviewed by Audit Committee and Board as and when required.

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.

### 9. Policy Ownership

The policy awareness and maintenance ownership will rest with the Chief Financial Officer with oversight by the Audit Committee.

### 10. Deviation of the Policy

The Executive Directors and Chief Financial Officer of the Company ('Designated Persons') are severally authorised to deviate from any clause and/ or process of the Policy. The Designated Persons shall ensure that such deviation should not be inconsistent with the law. A detailed report of such deviation, if any, shall be placed with the Board of Directors at next meeting.

### 11. Annexure

Annexure 1



Sample Annexure 1  
Related Party Transa

Annexure 2



Sample Annexure 2  
Related Party Transa

Compliance Annexure



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Annexure - Related\_I

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