

**MINDA CORPORATION LIMITED****RELATED PARTY TRANSACTIONS POLICY**

*[Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

**1. Preamble**

The Board of Directors (the "Board") of Minda Corporation Limited (the "Company" or "MCL"), has adopted the policy and procedures with regard to Related Party Transactions as mentioned in this document.

The policy defines the procedure - for transactions between the Company and its Related Parties based on the applicable laws and regulations.

**2. Purpose**

This policy is framed in accordance with the applicable provisions of Companies Act, 2013 as amended and Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amended) Regulations, 2018 effective from April 01, 2019 ('the Regulations'). The policy describes the procedure to be followed along with the reporting and disclosure requirements for the transactions entered between the Company and its Related Parties. Such transactions shall be deemed appropriate if they are in the best interest of the Company and its shareholders. The Company, as per statutory requirements, needs to disclose related party transactions in its Financial Statements along with the policies framed to regulate such transactions. The Company shall also submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

**3. Definitions**

**"Act"** means the (Indian) Companies Act, 2013, including any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent notified, and the (Indian) Companies Act, 1956 any amendments thereto and any rules, regulations, notifications and clarifications made thereunder, to the extent applicable and in force

**"Arms' 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.

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of the Regulations and Companies Act, 2013 as amended from time to time.

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

**"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as may be amended from time to time.

**"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;
- (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]

**"Holding Company"** in relation to one or more other companies, means a company of which such Companies is a subsidiary companies.

**"Independent Director"** means an independent director referred to in Section 149(6) of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(LODR) as amended

**"Material Related Party Transaction"**, transaction entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual consolidated turnover of the company as per the last audited financial statements.

However, 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity

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

**"Relative"** shall have the same meaning as defined in section 2(77) of the Act.

**"Related Party"** shall have the meaning as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act, including all amendments and modifications thereof from time to time.

**"Related Party Transaction"** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a 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.

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)

**"Relative"** means relative as defined under the Companies Act, 2013 as may be amended from time to time.

**"Significant Influence"** means control of at least 20% (twenty percent) of the total share capital, or of business decisions under an agreement.

**"Subsidiary Company" or "Subsidiary"** shall have the same meaning as defined in section 2(77) of the Act.

**“Transaction”** in relation to a Related Party means the contract or arrangement with the Related Party and shall include, where required, any transaction thereunder with a Related Party in that Financial Year, whether entered into individually or not.

**“Transactions in the ordinary course of business”** means transactions which are in the ordinary course of business as per the judicial precedents in India from time to time.

Explanation– In view of the current judicial precedents, the following tests should be considered to determine if a transaction is in the ‘ordinary course of business’ of the Company:

(a) the memorandum of association of the Company should include the business activity which is in question;

(b) previous instances of the Company having carried out the activity in question; and

the activity in question should be in furtherance of the business objectives of the Company and there should be a close proximity of the activity in question with the normal business of the Company.

#### 4. Policy

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

#### 5. Procedure

i) All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval (valid for a period not exceeding one year and shall require fresh approval after the expiry of one year) for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) Omnibus approval shall be accorded as per the laid down criteria and 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.

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

c) Above approval shall specify the (i) 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;

Where the Company cannot foresee the need for Related Party Transaction and details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. One Crore per transaction.

d) The Audit Committee shall on quarterly basis review the details of transactions entered into by the Company with reference to such omnibus approval given.

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

- ii) All material Related Party Transactions shall be recommended by Audit Committee to the Board and Board shall further recommend the same for approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. However shareholders' approval is not required for such transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- iii) Further, no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. However the said requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- iv) The provisions of this regulation shall be applicable to all prospective transactions
- v) For the purpose of this regulation, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not

## 6. Identification of Potential Related Party Transactions

Before the start of each financial year, the Company shall draw up a list of 'related parties' in accordance with the definition given in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard from the Directors and Key Managerial Personnel. For this purpose, the Company shall devise an appropriate procedural mechanism.

The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will, in fact, constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. Board/ Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/ Board has adequate time to obtain and review information about the proposed transaction.

## 7. Review and Approval of Related Party Transactions

All transactions with Related Parties shall be in the ordinary course of business and at arm's length and shall be subject to the prior approval of the Audit Committee. If any transaction with Related Party(s) is not in the ordinary course of business and/or not at arm's length, then:

- a. All such transactions will require prior approval of the Audit Committee;
- b. Will require prior approval of the Board; and
- c. Will require prior approval of the shareholders of the Company by resolution if they exceed the threshold limits mentioned u/s 188 of the Act read with Rules.

Further, any Material Transaction proposed to be entered into with a related party shall also be approved by the Board of Directors of the Company after they have been approved by the Audit Committee.

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and on the approval of the Related Party Transaction.

To review a Related Party Transaction, 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, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction 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;
  - Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
  - Whether the Related Party Transaction would affect the independence of an independent director;
  - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
  - Whether the Company was notified about the Related Party Transaction before its commencement; and
  - Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the directors, Key Managerial Personnel or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- The Board to review & update Policy at least every 3 years.

## 8. Approval of the Shareholders of the Company

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.

Any brand/royalty related transaction, exceeding 2% of annual consolidated turnover of listed entity as per last audited financial statements, shall be a material transaction requiring shareholders' approval.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 (for thresholds limit- refer below) are placed before the shareholders for its approval.

### Related party limits

In the Companies Act the transaction wise limit has been prescribed. The thresholds are summarized below:-

S. No.	Description of Transaction	Threshold Limits
1	Sale, purchase or supply of any goods or material, directly or through appointment of agent	Amounting to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower,
2	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower
3	Leasing of property any kind	Amounting to ten percent or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower
4	Availing or rendering of any services, directly or through appointment of agent	Amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower
5	Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration	Exceeding two and a half lakh rupees
6	Remuneration for underwriting the subscription of any securities or derivatives thereof,	Exceeding one percent of the net worth

### 9. 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 the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including revision or termination of the Related Party Transaction. The Committee shall also examine the facts

and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

## 10. Policy Review

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

## 11. Disclosure

Related Party Transactions or contract or arrangement entered shall be disclosed in the following manner:

- i) Every contract or arrangement, which is not in ordinary course of business or not on arms length basis, shall be disclosed in the Board's report to the shareholders along with justification for entering into such contract or arrangement.
- ii) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance; and
- iii) The policy shall be disclosed on the website of the Company [www.minda.co.in](http://www.minda.co.in) and a web link thereof shall be provided in the Annual Report every year.
- iv) Disclosure of RPT in Annual Report with any person/ entity belonging to promoter/ promoter group which holds 10% or more shareholding in LE.

This policy on dealing with Related Party Transactions is approved by the Board of Directors on this 14th day of November, 2014 and further amended by the Board of Directors on February 07, 2019 all will become effective w.e.f April 01, 2019.

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