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MINDA INDUSTRIES LIMITED

POLICY ON MATERIALTY OF RELATED PARTY TRANSACTION & ON DEALING WITH RELATED PARTY TRANSACTION POLICY

MINDA INDUSTRIES LIMITED RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors of the Company (**the “Board”**) has in accordance with Companies Act, 2013 (**the “Act”**) read with SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (**“SEBI Listing Regulations”**) has adopted this policy on ‘Materiality of Related Party Transactions and on Dealing with Related Party Transactions (**‘Policy’**) .

2. Purpose

The purpose of the Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company. Such transactions shall be deemed appropriate only if they are in the best interest of the Company and its stakeholders. The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations.

3. Definitions

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI Listing Regulations as amended from time to time.

4. MATERIALITY THRESHOLDS

4.1 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 no Related Party shall vote to approve such resolution, whether the entity is a Related Party to the particular transaction or not.

4.2 The Company has fixed its materiality threshold on the basis of regulation 23(1) and 23(1A) of the SEBI Listing Regulations as under: -

(a) **Payment to a Related Party with respect to brand usage or royalty:** materially threshold shall be as per limits specified under SEBI Listing Regulations as amended from time to time.

(b) **Other Transaction with Related Parties**

In case of any other Transaction , if the transaction(s) to be 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 last audited financial statements of the Company

5. RELATED PARTY TRANSACTIONS – FRAMEWORK FOR IDENTIFICATION

5.1 Identification of Related Parties

The Company has system for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

5.2 Identification of Potential Related Party Transactions

All Related Party Transactions shall be brought to the notice of 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 through Company Secretary.

All Directors, Senior Management 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, immediately on occurrence. Further, Directors, Senior Management and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company.

In addition, all Directors and KMPs are responsible for giving notice to the Company Secretary of any potential Related Party Transaction involving them or their Relatives.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee

6. RELATED PARTY TRANSACTIONS - PROCEDURE FOR APPROVAL

6.1 Approval of the Audit Committee

6.1.1 All Related Party Transactions (other than transactions with wholly-owned subsidiary(ies)), shall be prior approved or ratified by the Audit Committee.

6.1.2 However, the Company may obtain omnibus approval from the Audit Committee for

such transactions, subject to compliances with the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, (ii) the indicative base price/current contracted price and the formula for variation in the price, if any and (iv) such other conditions as the Audit Committee may deem fit.

6.1.3 However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- The Audit Committee shall review, at least 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 approval shall be valid for a period not exceeding 1 financial year and shall require a fresh approval after expiry of such financial year.

6.1.4 Any member of the Committee who is interested in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

6.2 **Approval of the Board of Directors of the Company**

6.2.1 As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are to be placed before the Board for its approval.

6.2.2 Any member of the Board who is interested or has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

6.3 **Approval of the Shareholders of the Company**

6.3.1 All the transactions with related parties meeting the materiality thresholds, laid down in Clause 4 of the Policy, shall be placed before the shareholders for approval. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

6.3.2 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 Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for approval. No shareholder of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if shareholder is a related party

6.3.3 Pursuant to Regulation 23(5)(b) of the SEBI Listing Regulations and Section 188(1) of the Act the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

7. DISCLOSURE OF THE POLICY

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

7.1 The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

7.2 The Company shall 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.

7.3 As prescribed under Regulation 46(2)(g) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website viz. www.unominda.com

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Audit Committee and/or Board, and/or approval, if required, by a resolution in the general meeting and if it is not ratified by the Audit Committee and/or Board and/or, by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Audit Committee or Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

9. POLICY REVIEW

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once in every three years and updated accordingly.

10. AMENDMENT OF POLICY AND LIMITATION

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 of Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

This updated policy on dealing with Related Party Transactions is approved by the Board of Directors on this 6th August, 2019

