

# MOHINDRA FASTENERS LIMITED POLICY ON RELATED PARTY TRANSACTIONS

## *PREAMBLE*

The Board of Directors (the "Board") of MOHINDRA FASTENERS LIMITED (the "Company") has adopted the following policy and procedures with regard to Related Party Transactions.

This Policy on the Related Party Transactions (the "Policy") of the Company set forth the procedures to be followed for approval/ratification of Related Party Transactions in compliance with applicable laws and regulations.

## *PURPOSE*

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchange(s).

The objective of this Policy is to set out;

- 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, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

The Company intends that all Related Party Transactions are undertaken on Arms Length Basis & intends the proper approval and reporting of the Related Party Transactions.

## *DEFINITIONS*

The terms included in this Policy shall have the same meaning as defined under the Companies Act, 2013 read with Listing Agreement and applicable Accounting Standards and/or other related laws, as amended and applicable from time to time.

- **"Audit Committee" or "Committee"** means Audit Committee of Board of Directors of the Company constituted under the provisions of Listing Agreement and Companies Act, 2013.
- **"Arm's Length Basis"** means basis and principles followed for conduct of transactions between two un-related parties, with no conflict of interest.
- **"Associate Company"**, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of that other company having such influence and includes a joint venture company.

**Explanation**—For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or control of business decisions under an agreement;

- **“Board”** means Board of Directors of the Company.
- **“Company”** means Mohindra Fasteners Limited. (L74899DL1995PLC064215).
- **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- **“Key Managerial Personnel”** means any key managerial personnel as defined under the Companies Act, 2013.
- **“Ordinary Course of Business (‘OCB’)”** means a transaction which is:
  - carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) of the Company as amended from time to time, or
  - historical practice with a pattern of frequency, or
  - common commercial practice, or meets any other parameters / criteria as decided by the Board/Audit Committee as the Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements.
- **“Relative”** in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act.
- **“Related Party”** A ‘related party’ is an entity which shall be considered as related to the company if:
  - such entity is a related party under Section 2(76) of the Companies Act, 2013; or
  - such entity is a related party under the applicable accounting standards.
- **“Related Party Transaction” (RPT)** means-
  - for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub section 1 of Section 188;
  - for the purpose of Clause 49 of the Listing Agreement, any transaction 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.

**Explanation:** A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

## ***MATERIALITY THRESHOLDS***

Clause 49 of the Listing Agreement requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a special resolution. Mohindra Fasteners Limited has fixed its materiality threshold at 10% means when the transaction /transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover of the company as per the last audited financial statements of the company as specified in the proviso of Clause 49(VII) (C) of the Listing Agreement.

## ***POLICY***

The Audit Committee shall review and approve all Related Party Transactions based on this Policy. All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. 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, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

## ***MANNER OF DEALING WITH RELATED PARTY TRANSACTION***

### **➤ IDENTIFICATION OF RELATED PARTIES**

MOHINDRA FASTENERS LIMITED (hereinafter referred to as "MFL") has formulated guidelines 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 Clause 49 of the Listing Agreement.

### **➤ IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

MFL has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Clause 49 of the Listing Agreement.

MFL has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company can seek external domain expert professional opinion, if necessary.

Further, Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Company Secretary on an annual basis:

- Names of his / her Relatives;
- Partnership firms in which he / she or his / her Relative is a partner;
- Private Companies in which he / she is a member or Director;

- Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- 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
- 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).

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.

The database including abovesaid information shall be updated whenever necessary and shall be reviewed at least once in a year by the Audit Committee.

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.

#### ***REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION***

All Related Party Transactions (one time or ongoing) shall be put up before the Audit Committee for its consideration and require prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode.

The Audit Committee shall determine whether the Transactions are on Arms' Length Basis and in Ordinary Course of Business, while providing its approval.

If the Audit Committee determines that the Transactions are not on Arms' Length Basis or not in Ordinary Course of Business, or are "Material", or in any case requires the Board's approval, then it shall recommend such transactions to the Board for its approval.

Further, if the Board determines that such transactions are "Material", as per the criteria mentioned above, then it shall recommend such transactions to the Shareholders of the Company for their approval.

The Audit Committee may also provide an Omnibus approval to such transactions, which are repetitive in nature, on such terms and conditions as it may deem fit.

A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the applicable conditions:

➤ **STANDING PRE -APPROVAL/OMNIBUS APPROVAL BY THE COMMITTEE:**

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, 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
  - the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,
  - basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and
  - 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 the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee. Additionally, the omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only).

- The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to each of the omnibus approval given.

***APPROVAL OF THE RELATED PARTY TRANSACTIONS***

➤ **By the Board of Directors of the Company**

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 placed before the Board for its approval. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;
- Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

➤ **By the Shareholders of the Company**

- All the transactions with related parties exceeding the **materiality thresholds** are placed before the shareholders for approval.
- For this purpose, 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. In addition to the above, all kinds of transactions specified under Section 188 of the Act which;
  - are not at Arm's Length or in the ordinary course of business; and
  - exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

***RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED***

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or MFL as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit

Committee has authority to modify or waive any procedural requirements of this Policy.

### *DISCLOSURES*

MFL 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 and shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013

In addition to the above, MFL shall also provide details of all related party transactions meeting the materiality threshold on a quarterly basis along with the compliance report on corporate governance to the stock exchange (s).

The Related Party Transactions shall be disclosed in the Company's applicable filings as required by the Companies Act, 2013 and Listing Agreement and the said Policy shall be disclosed on Company's Website and link thereto in the Annual Report as prescribed.

### *AMENDMENTS*

Notwithstanding the above, the applicable provisions and amendments, if any, under the Companies Act, 2013 and/ or Listing Agreement in respect of Related Party Transactions shall be implemented by the Company. The Audit Committee may recommend amendments to this Policy from time to time as it deems appropriate.

Limitation and Amendment In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.

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**ANNEXURE 1**  
**NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL**

To,

The Company Secretary/Compliance Officer  
Mohindra Fasteners Limited  
304 Gupta Arcade, Inder Enclave,  
Delhi - Rohtak Road,  
New Delhi-110087

Dear Sir,

A. I, ....., son/daughter/spouse of ....., resident of ....., holding ..... Shares (equity or preference) of Rs. 10/- each (..... percent of the paid-up Capital) in the Company in my name, being a ..... in the Company, hereby give notice that I am interested directly/through my relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

B. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

Signature:  
Name:  
Designation:

Place:  
Date:



## SCHEDULE

### LIST OF RELATIVES

No.	Relationship	Full Name	Address	Shareholding in Mohindra Fasteners Limited
1.	Spouse			
2.	Father (including Step-Father)			
3.	Son (including Step-son)			
4.	Daughter			
5.	Daughter's Husband			
6.	Brother (Including Step-Brother)			
7.	Sister (Including Step-Sister)			
8.	Mother (including Step-Mother)			
9.	Son's Wife			
10.	Members of HUF			

← END OF THIS POLICY | MOHINDRA FASTENERS LIMITED →