

# **MRF LIMITED**

## **POLICY ON**

### **RELATED PARTY TRANSACTIONS (Effective from 01-10-2014)**

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## 1. Preamble

The Board of Directors (the “Board”) of MRF Limited (the “Company” or “MRF”), has, based on the recommendations of the Audit Committee, adopted the following policy and procedures with regard to Related Party Transactions .

## 2. Purpose

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges. This policy is intended to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations. In the event of the Companies Act, 2013 or Listing Agreement being re-enacted in any other form, then this Policy will be deemed to have been framed as per such re-enacted provisions.

## 3. Definitions

“**Audit Committee**” refers to the Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013 and Listing agreement .

“**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

“**Key Managerial Personnel**” (**KMP**) means:

- (i) Chairman & Managing Director, Managing Director, Chief Executive Officer or Manager
- (ii) Whole-time director(s);
- (iii) Company Secretary;
- (iv) Chief Financial Officer; and
- (v) Any other person as prescribed by rules under S.2(51) of the Companies Act, 2013

“**Financial Year**” in relation to the Company means the period ending on the 31<sup>st</sup> day of March every year. Provided that for the accounting year commencing 01<sup>st</sup> October, 2014 the period ending 31<sup>st</sup> March, 2016 in respect whereof financial statement of the Company is made up will be the financial year.

“**Material Related Party Transaction**” means any transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeds the materiality thresholds, determined as per Section 188 of

the Companies Act, 2013 read with rules thereunder or as per Clause 49 of the Listing Agreement, as applicable.

**“Related Party”** – As defined in the Companies Act, 2013 and Clause 49 of the listing agreement.

**“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.

**“Relative”** includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

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

Words and expressions not specifically defined hereinabove, shall be read and interpreted as per the Companies Act 2013 and Clause 49 of the Listing Agreement or any statutory modification or re-enactment thereof.

#### **4. Identification of Related Parties**

- a. In cases where the related party relationship is brought about through Directors, KMP or through their relatives, such related parties will be identified by the Company based on various statutory disclosures required to be made by Directors / KMPs. Directors and KMPs shall give adequate and timely disclosures to enable the Company to identify such related parties.
- b. In cases where the related party relationship is brought about by shareholding or control exercised by the Company in another entity or vice versa, such related parties shall be identified based on such shareholding or control.
- c. The Company Secretary will maintain a complete list of all related parties which shall be updated as required. The list shall be provided to the functional departments concerned within the Company. The functional department shall

ensure that any proposal to enter into any contract with a related party are intimated to the Company Secretary, in time, so that requisite approvals can be obtained.

## **5. Approvals for related party transactions**

- a. All Related party transactions to the extent required by the Companies Act, 2013 and clause 49 of the listing agreement , need to be approved by the Audit Committee, in the manner so specified .
- b. All related party transactions may also need to be approved by Board of Directors and Shareholders to the extent required by Companies Act, 2013 and Clause 49 of the listing agreement .
- c. Any member of the Committee / Board who has an interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- d. A summarised report of all related party transactions actually undertaken shall be placed for the review of the Audit Committee and the Board at the time of approval of financial statement

## **6. Disclosures**

- a. Details of Related Party Transactions shall be disclosed in the Board's Report as required under the relevant provisions of the Companies Act 2013 and also in the financial statements as required under the Accounting Standards.
- b. Details of all material related party transactions shall be disclosed on a quarterly basis to stock exchanges under clause 49 of the listing agreement.
- c. This policy shall be published in such manner as required by applicable regulations.

## **7. Miscellaneous**

This Policy shall be read and interpreted in accordance with and subject to the provisions of Section 188 of the Companies Act, 2013 and ruled made thereunder and Clause 49 of the Listing Agreement and any amendment thereto and also any clarifications and circulars issued by appropriate authorities pursuant to applicable regulations.