

Policy on Related Party Transactions of Mafatlal Industries Limited

(A) OBJECTIVE

This Policy is framed as per the requirement of the Companies Act, 2013 and revised Clause 49 (effective from October 1, 2014) of the Equity Listing Agreement entered into by the Company with the Stock Exchanges. The Policy is intended to ensure that there is proper approval and reporting of transactions between the Company and its related parties.

The Board of Directors (the 'Board') of Mafatlal Industries Limited (the 'Company' or 'MIL') has adopted the following Policy and Procedures with regard to Related Party Transactions as defined below. The Audit Committee/Board may amend this Policy as required from time to time.

(B) DEFINITIONS

All the definitions used in this policy shall have the meaning as referred to in the applicable laws and regulations including the Companies Act, 2013 and the Listing Agreement, as amended from time to time.

(C) IDENTIFICATION OF RELATED PARTIES

All Directors/KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested on an annual basis/any changes during the year. Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest. The Company shall maintain records as may be prescribed under the Act. The Company shall regularly verify and update Related Party list (at least once a quarter).

(D) IDENTIFICATION OF RELATED PARTY TRANSACTIONS

As a policy, Company shall periodically identify transactions falling under contracts and arrangements (as per the Applicable Law) entered into with related parties for the consent of the Audit Committee, Board of Directors and shareholders, as applicable.

The Company shall report the Related Party and put the same for necessary approvals required as per the Applicable law.

(E) REVIEW OF MECHANISM OF TRANSACTIONS WITH RELATED PARTIES

For each category of transactions, the Company has framed guidelines explaining the steps to be followed to ascertain that the transactions falling under contracts and agreements with the related parties fulfil the 'arm's length' and/or 'ordinary course of business' criteria. The Company while entering into related party transactions will ensure adherence with the framework guidelines and will maintain necessary documents for the same.

(F) APPROVALS FOR TRANSACTIONS WITH RELATED PARTIES

Before undertaking any transaction, the Company shall determine whether a transaction does, in fact constitute a Related Party Transaction requiring compliance with the applicable law and this policy and if so, ascertain in which of the following categories such transaction should be classified in order to determine the approval requirements:

1. All transactions with related parties which are in ordinary course of business and are concluded at arm's length shall be entered into only after necessary approval of the Audit Committee or under omnibus approval as mentioned herein below in para 3.
2. All transactions with related parties which are not in ordinary course of business or not as per arm's length pricing or both will be put up to Audit Committee and then for prior approval of the Board in line with the applicable Law. In case the transaction exceeds the prescribed limits/threshold under the Act, it will be also put up for prior approval of the shareholders. All Material Related Party Transactions will be carried out only after prior approval from Shareholders.
3. The Audit Committee may grant omnibus approval to related party transactions that are repetitive in nature provided the Audit Committee is satisfied about the need for such omnibus approval and that such approval is in the interest of the Company. Such omnibus approval shall specify (i) name 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. 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. one crore per transaction. Audit Committee shall review 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 approvals

shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4. In an unforeseen event where a related party transaction is required to be entered into between two Audit Committee Meetings, for which omnibus approval has not been given by the Audit Committee, the Audit Committee may approve such transaction by passing a Resolution by circulation.
5. Ratification, if any, of a related party transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only. As long as any such transaction is brought to the Audit Committee for ratification as promptly and as reasonably practical, such transaction shall not be deemed to violate this policy or be invalid or unenforceable.
6. Any Member of the Audit Committee who is interested in any contract or arrangement with a related party, such Member shall not be present at the Meeting during discussion on the subject matter.

The Company will ensure that appropriate and requisite documentation are made available to the Audit Committee/Board, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis and are in ordinary course of business.

Voting on related party transactions will be carried out in accordance with the Applicable Law.

(G) DISCLOSURES AND REPORTING

1. Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as part of the Directors' Report.
2. This Policy will also be uploaded on MIL's website and a web link thereto shall be provided in the Annual Report.
3. The Company will also disclose the details of all material transactions with related parties on a quarterly basis along with the compliance report on corporate governance filed with Stock Exchanges under clause 49 of the Listing Agreement.

AMENDMENTS TO THE POLICY

The Audit Committee of the Company may from time to time review and make recommendation to the Board to amend this policy.

Any or all provisions of this policy would be subject to the revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. 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.



(MIL version 1 20150212)