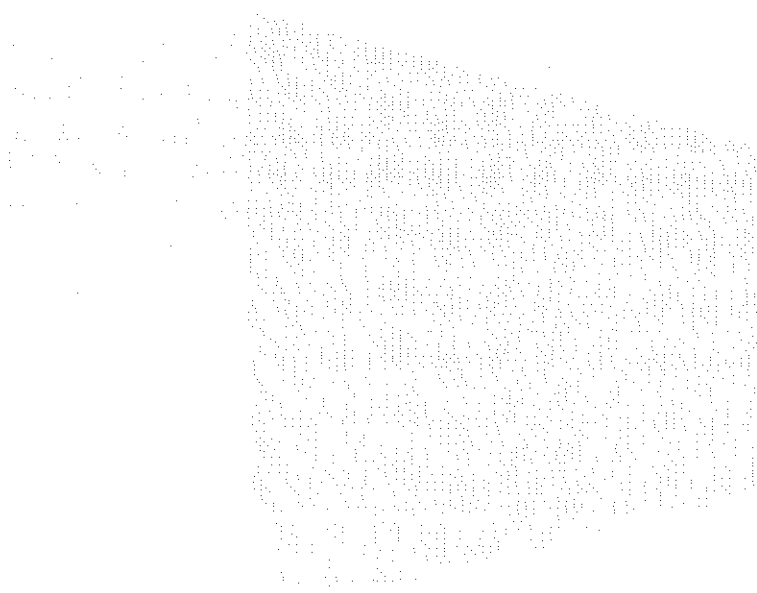




# Related Party Transactions Policy

**MAN INDUSTRIES (INDIA) LIMITED**



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## **1. Background**

This policy document is drafted in compliance to SEBI Circular dated April 17, 2014 and its corresponding amendment Circular dated September 15, 2014. The revised Clause 49 of the Listing Agreement shall be effective from October 1<sup>st</sup>, 2014. Inter-alia the amended/revised clause 49 mandates the listed companies to frame policy to determine material subsidiaries and Policy on materiality of related party transactions and also on dealing with related party transactions.

## **2. Objective**

Acting upon the recommendation of its Audit Committee, the Board of Directors (the "Board") of **MAN INDUSTRIES (INDIA) LIMITED** (the "Company" or "MAN"), has adopted the following policy (the "policy") and procedures with regard to determining the material subsidiaries and the Related Party Transactions ("RPT"). The Audit Committee shall review and may amend this policy from time to time. This policy is framed as per requirement of Clause 49 of the Listing Agreement ("LA").

The objective of this policy and procedure is to ensure that transactions between Company and its related parties are based on principles of transparency and arm's length pricing. Likewise, this policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

## **3. Definitions**

a) "**Audit Committee**" means Committee of Board of Directors of Man Industries (India) Limited constituted under provisions of the Companies Act and Listing Agreement with the stock exchanges.

b) **“Board”** means Board of Directors of the Man Industries (India) Limited which includes both executive and non-executive directors.

c) All other words, terms and phrases referred or not defined herein, shall have the same meaning as defined under the Companies Act, 2013 and revised clause 49 of the Listing Agreement.

#### **4. Policy for determination of ‘Material’ Subsidiary**

The Company will follow the criteria indicated in the Clause 49 of the Listing Agreement to determine the ‘material’ subsidiary. Accordingly a subsidiary shall be considered as material subsidiary, if the investment of MAN in that subsidiary exceeds 20% of consolidated net-worth of MAN as per the audited balance sheet of the previous financial year or if the subsidiary has generated 20% of the consolidated income of MAN during the previous financial year.

#### **5. Policy on Materiality of Related party Transactions**

The Company will follow the criteria indicated in the Clause 49 of the Listing Agreement to determine which transactions with the related party shall be considered as ‘Material Related Party Transaction/s’. Accordingly a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds (10%) ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

#### **6. Identification of Related Party and Related Party Transactions:**

a) Each Director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.

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

c) In addition, the Company Secretary shall obtain half yearly declarations as may be necessary from Directors and KMPs for identification of Related Parties.

d) The Company Secretary shall also review the structure on half yearly basis with Chief Financial Officer to identify any new related party.

e) The Company Secretary shall maintain database of all Related Parties based on the notice / declaration received from Directors/KMPs including Group entities and share the same with Chief Financial Officer on a quarterly basis to monitor the transactions with them.

f) Any potential Related Party Transactions that are brought to the attention of the Company Secretary and Chief Financial Officer shall be analyzed by the Legal & Secretarial Department, in consultation with management and with an external consultant, as appropriate. The Board shall record the disclosure of interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

## **7. Review and Approval of Related Party Transactions**

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by way of circulation.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.

**Transitional Provision** - Analysis and approval of all the existing related party transactions shall be completed in the first meeting of the Audit Committee to be held after 1st October, 2014 for the point of view of Compliance with the provisions of Clause 49 of Listing Agreement.

### **7.1. General criteria for approval of Related Party Transactions**

The Audit Committee shall also be provided with all the relevant information of the Related Party Transactions, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other relevant matters including information required under Rule 15 (1) of the Companies (Meetings of Board and its Powers) Rules, 2014 as may be amended from time to time.

The relevant information provided specifically covers the following:

- i. the name of the Related Party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
- vi. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- vii. the persons/authority approving the transaction; and

viii. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), such as-

- a. there are clearly demonstrable reasons from the Company's business point of view, for the transaction to be entered into with a Related Party;
- b. the transaction is concluded in terms at least as favourable to the Company as the ones usually available in the market to the extent available or the ones offered to or by a third-party not related to the Company in equivalent circumstances;
- c. valuation methodology used and other possible approaches for valuation of the transaction;
- d. extent of the related party's interest in the transaction, taking into account the amount involved in the transaction, the overall financial position of the related party, the direct or indirect nature of the related party's interest in the transaction and the continuous nature of the transaction.

Depending upon nature, frequency and volume of transaction, the Audit Committee, if decides to approve the Related Party Transaction, then subject to legal provisions, it may approve

- a. Such an individual transaction or set of transactions if it is expected to be not repetitive in nature; or
- b. If it is likely that multiple transactions could be entered into with a related party/ies or with a class/group of related parties, depending upon business requirements (and it is not possible to know / determine name of the party/amount/duration), then in such cases approve master agreement or

principle terms of transactions in such a way that it covers major commercial terms, basis / formula of pricing based on arm's length principle, which is accepted in industry and also assures compliance with applicable laws and regulations.

Audit Committee shall approve a transaction which can't be foreseen only in an exceptional situation, subject to statutory cap as may be prescribed under Clause 49, from time to time.

The Audit Committee may lay down the terms and conditions and processes that management shall follow before / after doing a Related Party Transaction, which shall include monetary limits, period (not exceeding one year), manner of reporting of transactions to the Audit Committee in each quarter based on the accepted principles and if necessary certified to be as per policy by external consultant.

#### **8. Material Related Party Transactions-Procedure for Approval**

The transaction/s which exceed/s the limits of materiality prescribed under Clause 49 or exceed/s the materiality limits prescribed under Companies Act, 2013 but are not in the ordinary course of business / Arms' Length, shall be referred by the Audit Committee with its recommendations to the Board of Directors. The Board will record reasons for agreeing / not agreeing with the recommendations of the Audit Committee and if it decides to approve the transaction/s, then shareholder approval will be sought through a special resolution in the manner and to the extent it is required under the Companies Act, 2013 and Listing Agreement, subject to the restriction on voting as per law.

The Audit Committee/ Board may decide to refer the related party transaction to an external law firm / advisor to obtain opinion on the aspects of 'Ordinary Course of Business' / 'Arm's Length' or any other related aspect.



### **9. Omnibus approval by audit committee for Related Party Transactions proposed to be entered**

The Audit Committee grants omnibus approval for normal transactions in ordinary course of business with related parties, and the same being recurring in nature. The Audit Committee would review on a quarterly basis the aforesaid Related Party Transactions entered into by the company pursuant to each of the omnibus approval given. Fresh approval would be obtained on an annual basis.

### **10. Reporting of Transaction and Records**

The Company Secretary shall be responsible for giving adequate disclosures of Related Party Transactions in the Board's Report to the extent it is required under the Companies Act, 2013 and Clause 49 of the Listing Agreement and also make necessary entries in the register maintained for this purpose. The management may put in place an internal process document to monitor compliance of the Related Party Transactions with this Policy and transactions approved by Audit Committee.

### **11. Non-Compliance with the provisions of this Policy**

If a transaction is done without the approval of Audit Committee and if the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, then 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 for the loss suffered by the related party etc. In connection with any review of a Related Party

Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

Any violation to the provisions of the Policy that comes to the knowledge shall result in the adoption of the appropriate measures, ensuring the effectiveness of this Policy, and shall also be reported to the Audit Committee.

This Policy shall be communicated to all operational employees and other concerned persons of the Company and shall be placed on the intra-net and website of the Company and a web link thereto shall be provided in the annual report of the Company.

### **12. Policy Administration & Review**

Audit committee shall be responsible for the administration of this policy and they shall review the policy at least once every year. Any changes in the policy document must be approved by the Board.

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