

MIL INDUSTRIES LIMITED

**POLICY ON MATERIALITY OF
RELATED PARTY TRANSACTIONS
AND ON DEALING WITH RELATED
PARTY TRNSACTIONS**

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRNSACTIONS

Introduction & Purpose

The Board of Directors of **MIL Industries Limited** (“the Company”) on 16th September, 2019 has adopted this policy to regulate transactions of the Company with its Related Parties in compliance with applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy is reviewed by the Board of Directors at least once every three years or as required and updated accordingly as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Definition

- a) **Arm’s Length Basis** means a transaction between two related parties that if conducted as if they were unrelated, so that there is no conflict of interest.
- b) **“Audit Committee or Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- c) **“Board”** means Board of Directors of the Company.
- d) **“Company”** means MIL Industries Limited
- e) **“Policy”** means Policy on materiality of related party transactions and on dealing with related party transactions, as amended from time to time.
- f) **“Related Party”**: means and shall have the same meaning as defined under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, as amended from time to time.
- g) **“Related Party Transaction” (“RPT”)**: means and include following transaction with a Related Party:
 - (i) Any contract or arrangement as referred in Section 188 of the Companies Act, 2013; or
 - (ii) Transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

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

- h) **“Ordinary Course of Business”**: RPT will be considered in ordinary course if it entered in the normal course of the business pursuant to the objects of the Company as per the Memorandum of Association of the Company.

Material Related Party Transaction

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 2% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Policy

- a) All RPTs shall be placed before the Audit Committee for its prior approval, as required under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b) The Audit Committee may grant omnibus approval for RPTs, which are repetitive in nature as per this Policy and criteria as specified under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provided that such approval shall remain valid for a period not exceeding one financial year, during which period the commercial terms of approved RPTs may change within the approved amount of transactions in aggregate, provided that arm's length criterion shall be ensured. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value of each such transaction shall not exceed Rs. 1 crore.
- c) Approval of the Audit Committee is not applicable for a transaction, other than a transaction referred to in Section 188 of the Companies Act, 2018, between the Company and its wholly owned subsidiary company.

- d) All RPTs within the meaning of the Section 188 of the Companies Act, 2013 shall require prior approval of the Board of Directors. However, no such approval of the Board of Directors shall be required in case of RPTs entered into by the Company in its ordinary course of business and on an arm's length basis.
- e) All RPTs (excluding transaction with wholly owned subsidiary company) within the meaning of Section 188 of the Companies Act, 2013 exceeding threshold specified therein shall require prior approval of the shareholders of the Company. However, no such approval of the shareholders is required in case of RPTs entered into by the Company in its ordinary course of business and on an arm's length basis.
- f) All Material RPTs (excluding transaction with wholly owned subsidiary company) shall require approval of the shareholders of the Company.

Administrative Measures

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party (ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Board of Directors from time to time, shall be followed by all concerned. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

Interpretation

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is revised/amended/updated/changed by the Board to conform to the said law, rule, regulation or standard.

Disclosure

This Policy shall be made available on the website of the Company.
