

MIL

MIL INDUSTRIES LIMITED

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

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

Introduction and Purpose

The Board of Directors of MIL Industries Limited (“the Company”) on 11th November 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 (“the Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”). Further, this Policy has been amended from time to time.

This Policy shall come into effect from 1st April, 2022.

Definitions

- a) **Arm’s Length Basis** means a transaction between two related parties that is 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 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 dealing with related party transactions.
- f) **“Related Party”** with reference to the Company 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.
- g) **“Related Party Transaction” (“RPT”)** with reference to the Company means any contract or arrangement with a related party as referred under Section 188 of the Companies Act, 2013 or defined under Regulation 2 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- h) **“Material modification”** to a Related Party Transaction shall mean and include any modification in the existing transaction which result in change in the parties of the transaction; or change in value of the transaction by more than 30% of the original approved value; or any other modification, which the Audit Committee may, at its sole discretion, declare as ‘Material modification’.
- i) a transaction with a related party shall be considered **“Material Related Party Transaction”**, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees **one thousand crore or ten percent** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.”

Provided that a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered Material Related Party Transaction if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceed five percent** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Ordinary Course of Business”: means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum of Association.

Approval of the Related Party Transactions

a) Prior approval of Audit Committee

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company as per the applicable requirements of the Act or Listing Regulations, as the case may be.

In case of RPTs which are repetitive in nature, the Audit Committee may grant omnibus approval subject to the conditions and requirements of the Act or Listing Regulations, as the case may be and the criteria approved for granting the omnibus approval.

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company, where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, does not exceed rupees **one thousand crore or ten percent** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Where the need for RPT cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transaction provided that the value of each such transaction shall not exceed rupees one crore.

b) Prior approval of Board

All RPTs within the meaning of the Section 188 of the Act shall require prior approval of the Board.

However, no such approval of the Board 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.

c) Prior approval of Shareholders

All RPTs within the meaning of Section 188 of the Act exceeding the threshold limit as 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.

All Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders.

The approval mechanism for Related Party Transactions shall be as stipulated in the Act and / or Listing Regulations, as amended from time to time.

Review and Amendment:

This Policy shall be reviewed by the Board of Directors at least once every three years or as and when any changes are to be incorporated in the Policy due to change in law, regulations or as may be felt appropriate by them. Any changes/amendment/modification in the Policy will be in writing and approved by Board of Directors of the Company.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or other applicable law, which makes any of the provision in the Policy inconsistent with the Act or Listing Regulations or law, then the provisions of the Act, Listing Regulations or law would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with law.

Disclosure

This Policy shall be made available on the website of the Company and web link of the same shall be disclosed in Board's Report, as applicable.
