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**POLICY FOR  
RELATED PARTY TRANSACTIONS**

**[Pursuant to Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

**(As approved by the Board of Directors in their Meeting held on 25.05.2019)**

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## POLICY FOR RELATED PARTY TRANSACTIONS

### I. Scope and Purpose of Related Party Transactions Policy

Section 188 of the Companies Act, 2013, deals with the legal requirements relating to Related Party Transactions. Further, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which became effective December 1, 2015 mandates the company to formulate a policy on the materiality of related party transactions and also on dealing with related party transactions. Further, the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 impose various responsibilities on the Board and Audit Committee with respect to related party transactions.

Sundaram Brake Linings Limited (SBL) had earlier, in accordance with aforesaid provisions had formulated and approved the Policy for Related Party Transaction in their meeting held on 29<sup>th</sup> September 2014.

The Securities and Exchange Board of India (SEBI) had notified amendments in SEBI Listing Obligations and Disclosure Requirements ('LODR') Regulations, 2015, on May 9<sup>th</sup> 2018, in respect of the aforesaid Policy, and accordingly the revised policy as herein below, incorporating the amendments as required, is formulated and approved by the Board of Directors in their meeting held on 25<sup>th</sup> May 2019.

### II. DEFINITIONS

- a) 'Act' means the Companies Act, 2013 including any amendment or modification thereof.
- b) 'Arm's Length Transaction' means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c) 'Audit Committee' means the Committee of the Board formed under Section 177 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d) 'Board of Directors' or 'Board' means the Board as defined in Section 2(10) of the Companies Act, 2013
- e) 'Body Corporate' means an entity as defined in Section 2(11) of the Companies Act, 2013.
- f) 'Company' means Sundaram Brake Linings Limited.
- g) 'Director' means a person as defined in Section 2(34) of the Companies Act, 2013.
- h) 'Key Managerial Personnel' shall mean persons as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed thereunder.
- i) "Material Events" are those that are specified in paragraph B, C and D of Part A of the Schedule III of the Regulations

- j) 'Material Related Party Transactions' shall mean 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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. or as defined in any other applicable law or regulation including any modification or amendment thereof, as may be applicable, from time to time.
- k) 'Ordinary course of business' means the usual transactions that are necessary and are normal according to the historical practices of the Company, which have recurring frequency in connection with the business of the company and includes all such activities which the Company can undertake as per Memorandum and Articles of Association of the company.
- l) 'Related Party' means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable accounting / secretarial standards.
- m) "Relative" means relative as defined in Section 2(77) of the Act and rules prescribed thereunder.
- n) 'Related Party Transactions' shall mean the following as specified in Section 188 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modification or amendments thereof, as may be applicable, from time to time: -
- a) A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged; and
  - b) sale, purchase or supply of any goods or materials;
  - c) selling or otherwise disposing of, or buying, property of any kind;
  - d) leasing of property of any kind;
  - e) availing or rendering of any services;
  - f) appointment of any agent for purchase or sale of goods, materials, services or property;
  - g) such related party's appointment to any office or place of profit in the company,
  - h) its subsidiary company or associate company; and
  - i) underwriting the subscription of any securities or derivatives thereof, of the Company.
- o) "Stock Exchange" means the stock exchanges where the securities of a company are listed;

Words and expressions not defined in this policy shall have the same meaning but defined in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the rules and regulations made thereunder.

**I. APPROVAL / REPORTING REQUIREMENTS**

<b>A. Approvals</b>	
<b>Approving Authority</b>	<b>Nature of transactions requiring approval</b>
Audit Committee	All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for the Related Party Transactions as specified in this policy.
Board of Directors / Shareholders	Where the contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as may be applicable.
Shareholders	All material related party transactions above the prescribed threshold level shall require approval of the shareholders through resolution and no related party shall vote to approve on such resolutions whether the entity is a related party to the particular transaction or not.
<b>B. Reporting / Review</b>	
<p>a. All Related Party Transactions shall be reported to the Audit Committee and after review, the Audit Committee shall refer the same to the Board for its noting in accordance with this Policy.</p> <p>b. Related Party Transactions shall be referred to the next regularly scheduled meeting(s) of Audit Committee for its review;</p> <p>c. For the purpose of review, the Audit Committee, shall be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters;</p> <p>d. Any member of the Audit Committee who has an interest in any related party transaction shall recuse himself or herself and shall not participate in the discussion and voting on the approval of such related party transactions;</p>	

**II. DISCLOSURE BY DIRECTORS / KEY MANAGERIAL PERSONNEL FOR IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

1. Each Director and Key Managerial Personnel and other Related Party shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential related party transaction involving him or her or his or her Relative together with additional information about the related party transaction that the Board or Audit Committee may reasonably request.
2. Such notice of any related party transaction shall be given well in advance, so that the Audit Committee/ the Board has adequate time to obtain and review information about the proposed related party transaction.
3. The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a related party transaction requiring compliance with this Policy;

**III. RELATED PARTY TRANSACTIONS, WHICH DO NOT REQUIRE PRIOR AUDIT COMMITTEE REVIEW / APPROVAL**

1. The Audit Committee shall be entitled to grant omnibus approval in line with the policy on Related Party.
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
3. Such omnibus approval shall specify the following:
  - a. Name(s) of the Related Party;
  - b. Nature of the transaction;
  - c. Period of transaction;
  - d. Maximum amount of transaction that can be entered into;
  - e. The indicative base price / current contracted price and the formula for variation in the price, if any, and;
  - f. Such other conditions as the Audit Committee may deem fit.
  - g. Where it is not possible for a Related Party Transaction or a class of Related Party Transaction to be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such related party transactions, provided that each transaction value shall not exceed Rs.1.00 crore.
  - h. The Audit committee shall review the details of related party transactions entered into by the Company pursuant to each of the omnibus approval on a quarterly basis.
  - i. The omnibus approval shall be valid for a period of one year and shall require fresh approvals from the Audit Committee after the expiry of 1 (one) year from the grant of each approval.

**IV. FACTORS TO BE CONSIDERED BY THE BOARD/ AUDIT COMMITTEE WHILE APPROVING A RELATED PARTY TRANSACTION**

1. Whether the terms of the Related Party Transaction are fair to the Company and are on arm's length basis and would apply on the same basis, if the transaction did not involve a Related Party.
2. Whether there are any overwhelming business reasons for the Company to enter into the Related Party Transaction and the nature of possible alternative transactions, if any.
3. Whether the Related Party Transaction would affect the independence of an Independent Director;
4. Whether ratification of such Related Party Transaction if their value not exceeding Rs 100 lakhs per annum per transaction, if done, would be detrimental to the company.
5. Whether the Related Party Transaction would pose a conflict of interest for any Director, or a key managerial personnel of the Company, having regard to the size of the transaction, the overall financial gains, which may accrue to the Director, key managerial personnel or other Related Party, the direct or indirect nature of interest of the Director, KMP or other Related Party in the transaction and any other factors the Board / Audit Committee may consider necessary.

**V. Right of the Board / Audit Committee**

1. In the event a Related Party Transaction that has been commenced without approval of the Audit Committee or the Board, the company shall immediately report such transaction to the Audit Committee and the Board. If the Board / Audit Committee determine not to ratify, then the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it enabling for ratification.
2. While reviewing any Related Party Transaction, the Board / Audit Committee have authority to modify or waive any procedural requirements specified in this Policy.
3. Any transaction involving any amount not exceeding one crore rupee is entered into by a director or officer of the company with related parties without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it.

**VI. Disclosure of the Policy**

The company will disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

**VII. Amendments to the Policy**

The Audit Committee will, from time to time, review and may amend the policy as per the changing legal requirements and / or as and when required subject to approval of the Board. This policy may be amended by the Board at any time either suo-moto and / or pursuant to amendments to the Companies Act, 2013 and rules made thereunder, listing agreement or such other rules, regulations, guidelines as may be notified by Securities Exchange Board of India.