

FEDERAL-MOGUL GOETZE (INDIA) LIMITED

RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors (the “Board”) of Federal-Mogul Goetze (India) Limited (the “Company” or “FMGIL”), has adopted the following policy and procedures with regard to Related Party Transactions as envisaged below. The policy is to regulate transactions between the Company and its related Parties based on the applicable laws and regulations applicable on the Company.

The Related Party Transaction Policy is effective from October 1, 2014 and may be amended from time to time subject to approval of Board of Directors of the Company.

2. Objective

This policy is framed as per requirement of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) (Amendment) Regulations, 2018, as amended from time to time, consequent to the entering into the Listing Agreement by the Company with the Stock Exchange(s) and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

3. Definitions

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of SEBI Listing regulations and Companies Act, 2013, read together with all/any statutory amendments thereto.

“**Board**” means Board of Directors of the Company .

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies (Amendments) Act, 2017 and includes

- (i) Managing Director, or Chief Executive Officer or manager;
- (ii) Company Secretary;
- (iii) Whole-time Director;
- (iv) Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officials as may be prescribed.

“Material Related Party Transaction” means a transaction with a related party 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 as per the last audited financial statements of the company.

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined under the SEBI Listing Regulation, 2015 as amended from time to time which is as follows:

- a. The entity is a related party under Section 2(76) of the Companies Act, 2013 as amended from time to time; or
- b. such entity is a related party under the applicable accounting standards.

“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.

“Relative” means relative as defined under section 2(77) of the Companies Act, 2013 read with rule 4 of the Companies (Specification of definitions details) Rules, 2014 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy as amended from time to time.

4.1 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

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

4.2 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions, which are repetitive in nature.
- b. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s 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.1 crore per transaction.

- d. Audit Committee shall review, atleast on a quarterly basis, the details of the Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year"

Further, all Material Related Party Transactions as described under the provision of Regulation 23 of the SEBI (LODR) Regulations, 2015 and as amended from time to time and transactions which are not in the ordinary course of business or on arm's length basis in terms of the provisions of Section 188 of the Companies Act, 2013 and /or any amendment thereof shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

4.3 Review and Approval of Related Party Transactions

Related Party Transactions and any subsequent modification will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms' length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant

If the Committee determines that a Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of

its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

6. Determination of Material Subsidiary and Related Party Transactions

* "Material subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

All material Related Party Transactions as described under the provision of Regulation 23 of the SEBI (LODR) Regulations, 2015 as amended from time to time and transactions which are not in the ordinary course of business or on arm's length basis in terms of the provisions of Section 188 of the Companies Act, 2013/Rules thereto, as amended from time to time, shall require approval of the shareholders through a resolution and the Related Parties shall abstain from voting on such resolutions.

The Company shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/ Tribunal.

The Company shall not sell, dispose and lease assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during the financial year without prior approval of shareholders by way of special resolution except in cases where such selling/disposing/leasing is made under a scheme of arrangement duly approved by a Court/ Tribunal.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

7. Amendments

In the event of any amendment in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or issuance of any notification/clarification thereto, such amendments/clarification shall be deemed to be adopted by the Company and the policy stands amended to the extent of such change and in case of any conflict between the provisions of this policy and Companies Act, 2013/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the latter shall prevail.

Dr. Khalid Iqbal Khan
Whole-time Director Legal & Company Secretary

Vinod Kumar Hans
Whole-time Managing Director

* The definition of Material Subsidiary was amended in the Board Meeting held on 29th May 2018.