



# (Revised) Policy on Materiality of and Dealing with Related Party Transactions

**ZF STEERING GEAR (INDIA) LIMITED**

**REGD. OFFICE: GAT NO. 1242/ 44, VILLAGE VADU BUDRUK, TAL. SHIRUR, DIST.**

**PUNE - 412 216, MAHARASHTRA, INDIA**

**CIN: L29130PN1981PLC023734**

*Revised by the Board of Directors at their Meeting held on January 22, 2022.*

## **SCOPE AND PURPOSE OF THE POLICY**

Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the Listing Regulations**), the Board of Directors of ZF Steering Gear (India) Limited (**ZF India** or **the Company**), at its Meeting held on November 12, 2014, had approved the Policy on Materiality of and Dealing with the Related Party Transactions (**the Policy**). Pursuant to the SEBI Circular dated May 09, 2018, which notified certain amendments effective from April 1, 2019, the Policy was revised by the Board at its Meeting held on March 29, 2019.

**SEBI, vide circular dated November 9, 2021, has notified further amendments necessitating changes to be made in the policy, which are effective from April 1, 2022, unless stated otherwise. Pursuant thereto, the Policy has been revised by the Board at its Meeting held on January 22, 2022.**

## **POLICY:**

In supersession of the existing Policy, the Policy on Materiality of & dealing with Related Party Transactions, which is to be read together with Regulation 23 of the said Regulations and relevant provisions of the Companies Act, 2013 is accordingly being revised as under:

1. The terms 'Related Party', 'Related Party Transactions', 'Relative', 'Material RPTs', 'Arms' length transaction', 'Omnibus Approval' & such other terms will carry the meaning as stated under the Companies Act, 2013 or the Listing Regulations as amended from time to time.
2. Related Party Transactions (**RPTs**), including subsequent material modifications thereof of the Company covered under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations will be approved by the Audit Committee of the Board from time to time, subject to such exceptions as are provided therein.

For the above purpose, 'material modifications' as defined by the Audit Committee would refer to the following:

Material modification will mean & include any modification to an existing RPT having variance of 20% of the existing limit or Rs. 2 crore, whichever is higher, as sanctioned by the Audit Committee and/ or Shareholders, as the case may be.

Provided further that:

- a related party transaction to which the subsidiary, if any, of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
  - With effect from April 1, 2023, a related party transaction to which the subsidiary, if any, of a listed entity is a party, but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
3. Prior Consent of the Board and the Shareholders would be taken in respect of all RPTs, including material modifications thereof, except in the following cases:
- i. Where the transactions to be entered into with a related party are below the threshold limits specified in the Companies Act, 2013 & Rules thereunder or the Listing Regulations, as may be applicable;
  - ii. Where the transactions are entered into by the Company in its ordinary course of business and are on arm's length basis, subject to the materiality thresholds specified in Regulation 23 of the Listing Regulations;
  - iii. Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the Company;

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- iv. Where the transactions to be entered into individually or taken together with previous transactions during a financial year do not exceed Rs 1,000 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;
  - v. Transactions entered into between the Company & any of its wholly owned subsidiary, if any, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
  - vi. Transactions entered into between two wholly-owned subsidiaries, if any, of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for their approval.
4. Notwithstanding the above, approval of the Board & Shareholders would be necessary, where the RPTs exceed the following threshold limits:

Description	Threshold Limits
Sale, purchase or supply of any goods or materials	10% of the annual consolidated turnover of the Company for preceding financial year
Selling or otherwise disposing of or buying of any property including by way of lease and license arrangement	
Availing or rendering of any services	
Other Matters	

5. The above policy is subject to review from time to time and at least once in every three years.
6. The Chairman of the Board and/ or the Chairman of the Audit Committee may make changes to the above Policy as they may deem expedient, taking into account the law for the time being in force.

**Pune**

**January 22, 2022**

**Chairman**