

POLICY ON RELATED PARTY TRANSACTIONS

1. OBJECTIVE OF THE POLICY:

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Companies Act, 2013 and any other laws and regulations as may be applicable to the Company.

2. DEFINITIONS:

- a. **"Act"** means the Companies Act, 2013 amended from time to time.
- b. **"Arm's length transaction ('ALP')"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- c. **"Company"** means Enkei Wheels (India) Limited.
- d. **"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 & Articles of Association.
- e. **"Relative"** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
- f. **"Related Party"** have the meaning as defined in Section 2(76) of Act, and as per applicable accounting standards.
- g. **"Related Party Transaction" (RPT)** means –
 - for the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
 - for the purpose of SEBI Regulations, any transaction involving any Related Party which is a transfer of resources, services or obligations between a 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. **"Material Related Party Transaction"** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual turnover of the Company as per the last audited financial statements of the Company.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

3. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

- Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee.

Omnibus approval

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide -
 - 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.
 - iii. such other conditions as the Audit Committee may deem fit.

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given;
 - Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.
- Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval. While giving such prior consent, the Board of Directors may specify such conditions as it may deem fit.

- Approval of shareholders of the Company

All Material Related Party transaction therein shall require prior approval of the shareholders of the Company through special resolution. No member of the Company shall vote on such resolution, if such member is a Related Party.

4. DISCLOSURE :

Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

