

RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors (the “Board”) of Wheels India Limited (the “Company” or “WIL”), has adopted the following policy and procedures with regard to Related Party Transactions. The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

2. Purpose

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges. It is intended to ensure there is proper approval and reporting of transactions between the Company and its Related Parties in accordance with provisions of Companies Act, 2013 and Listing Agreement or any other law for the time being in force.

3. Definitions

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

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

“**Key Managerial Personnel**” means: the Chief Executive Officer or the managing director or the manager;

(I) the Company Secretary;

(II) the Whole-Time Director;

(III) the Chief Financial Officer; and

(iv) such other officer as may be prescribed under the applicable statutory provisions / regulations

“**Material Related Party Transaction**” transaction with a related party shall be considered material if the transaction / transactions 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 company as per the last audited financial statements of the company.

“**Policy**” means Related Party Transaction Policy.

“**Related Party**” means *an entity shall be considered as related to the company if:*

(i) such entity is a related party under Section 2(76) of the Companies Act,2013 which are as follows:

- (i) a director or his relative ;
- (ii) a key managerial personnel or his relative ;
- (iii) a firm, in which a director, manager or his relative is a partner ;
- (iv) a private company in which a director or manager or his relative is a member or director ;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital ;
- (vi) any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
- (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act :

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any company which is –
 - (A) a holding, subsidiary or an associate company of such company ;
 - or
 - (B) a subsidiary of a holding company to which it is also a subsidiary ;
- (ix) Director other than Independent director or key managerial personnel of the holding company or his relative with reference to a company; or

(ii) such entity is a related party under the applicable accounting standard.

For the purpose of The Accounting Standard, the following terms are used with the meanings specified

Related party - parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Control – (a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or (c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise

Significant influence - participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.

An Associate - an enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party.

A Joint venture - a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Joint control - the contractually agreed sharing of power to govern the financial and operating policies of an economic activity so as to obtain benefits from it.

For the purpose of Standard (AS18), an enterprise is considered to control the composition of –

(i) the board of directors of a company, if it has the power, without the consent or concurrence of any other person, to appoint or remove all or a majority of directors of that company. An enterprise is deemed to have the power to appoint a director if any of the following conditions is satisfied:

(a) a person cannot be appointed as director without the exercise in his favour by that enterprise of such a power as aforesaid; or

(b) a person's appointment as director follows necessarily from his appointment to a position held by him in that enterprise; or

(c) the director is nominated by that enterprise; in case that enterprise is a company, the director is nominated by that company/subsidiary thereof.

(ii) the governing body of an enterprise that is not a company, if it has the power, without the consent or the concurrence of any other person, to appoint or remove all or a majority of members of the governing body of that other enterprise. An enterprise is deemed to have the power to appoint a member if any of the following conditions is satisfied:

(a) a person cannot be appointed as member of the governing body without the exercise in his favour by that other enterprise of such a power as aforesaid; or

(b) a person's appointment as member of the governing body follows necessarily from his appointment to a position held by him in that other enterprise; or

(c) the member of the governing body is nominated by that other enterprise.

An enterprise is considered to have a substantial interest in another enterprise if that enterprise owns, directly or indirectly, 20 per cent or more interest in the voting power of the other enterprise. Similarly, an individual is considered to have a substantial interest in an enterprise, if that individual owns, directly or indirectly, 20 per cent or more interest in the voting power of the enterprise.

Significant influence may be exercised in several ways, for example, by representation on the board of directors, participation in the policy making process, material inter-company transactions, interchange of managerial personnel, or dependence on technical information. Significant influence may be gained by share ownership, statute or agreement. As regards share ownership, if an investing party holds, directly or indirectly through intermediaries, 20 per cent or more of the voting power of the enterprise, it is presumed that the investing party does have significant influence, unless it can be clearly demonstrated that this is not the case.

Conversely, if the investing party holds, directly or indirectly through intermediaries, less than 20 per cent of the voting power of the enterprise, it is presumed that the investing party does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investing party does not necessarily preclude an investing party from having significant influence

“Related Party Transaction” means any transaction directly or indirectly 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

“Relative” means relative as defined under the Companies Act, 2013 and includes any one 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.

5. 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/her as a “Related Party” and any other additional information about the transaction that the Board/Audit Committee may reasonably require to determine whether any transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

6. 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 conditions as contained in the Listing Agreement (as amended from time to time) and/or other statutes/ Rules / Regulations as amended from time to time.

The following are the criteria for granting the omnibus approval:-

- transactions entered into by the company in its ordinary course of business and on an arm's length basis.
- Transactions take place at prices ruling at the time of the transaction.
- Orders are placed by or on the related party as and when the goods and / or services are required by the related party / the Company.
- Annual orders are placed by or on the related party on the Co where quantities are advised by the Company / related party based on actual requirements from time to time.

Further, all Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

7. Review and Approval of Related Party Transactions

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

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction,

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

- Any transaction that involves the payment of sitting fees to a director or remuneration to Key Managerial Personnel in connection with his or her duties to the Company.
- 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 as the Related Party.

8. 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 or as may be required pursuant to applicable provisions, the matter shall be reviewed by the Committee and it shall take any such action it deems appropriate.
