



Related Party Transactions Policy

1. Preamble

The Board of Directors (the 'Board') of Mazda Limited (the 'Company'), acting upon the recommendation of its Directors and Audit committee (the 'Committee'), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The committee will review and may amend this policy from time to time.

2. Purpose

This policy is framed under the clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges 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. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies pertaining to the transactions with Related Parties.

3. DEFINITIONS

The terms used in this Policy are defined as follows:

- **“Act”** means the Companies Act, 2013 and Rules framed thereunder, including any amendments, modifications, clarifications or re-enactment thereof.
- **“Committee”** means Audit Committee of Board of Directors of the Company constituted under provisions of Listing agreement and the Act.
- **“Board”** means Board of Directors of the Company.
- **“Arms’ Length basis”** means a transaction between two related parties as if they are unrelated, so that there is no conflict of interest.
- **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- **“Key Managerial Personnel”** means key managerial personnel as defined under the Act and includes –

- Managing Director or Chief Executive Officer or Whole-time Director;
 - Company Secretary; and
 - Chief Financial Officer
- **“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 ten percent of the annual turnover of the company as per the last audited financial statements of the Company.
 - **“Related Party”** means an entity shall be considered as related to the Company if:
 - Such entity is a related party under Section 2(76) of the Act; or
 - Such entity is a related party under applicable accounting Standards.
 - **“Related Party Transaction”** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged. A “Transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in the contract.
 - **“Relative”** means relative as defined under the Act 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 their approval in accordance with this Policy.

- **Identification of Related Party Transaction**

Each Director and Key Managerial Personnel shall at the beginning of the financial year, provide a declaration containing the following information to the Company which shall be updated whenever there is any change in such information.

- (i) Name of his/her Relatives;
- (ii) Partnership firms in which he/she or his/her Relative is a partner;
- (iii) Private companies in which he/she is a member/Director;
- (iv) Public companies in which he/she is a Director and holds along with his/her Relatives more than 2% of paid-up share capital;
- (v) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions; and
- (vi) Persons on whose advice, directions or instructions, he/she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Each Director and the Key Managerial Personnel shall also give notice to the Company of any potential Related Party Transaction where he may be considered interested. The Director or Key Managerial Personnel will ensure that the notice of any potential Related Party Transaction is delivered well in advance so that the Audit Committee has adequate time to review and approve the transaction.

- **Review and approval of Related party Transactions**

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorised by the Audit Committee/Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- Whether the terms of the Related Party Transaction are fair 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 impair the independence of an independent director;
- 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 would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Executive Officer 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, Executive Officer's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

- **Determination of Arm's length nature of Related Party Transactions**

Price Determination

At the time of determination the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms' length pricing as per Applicable Law including such prices where the benefits of safe passage is available under Applicable Law.
- (ii) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

5. Underwriting and Selection of arms' length Related Party Transaction

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same selection criteria/ underwriting standards and procedures as may be applicable in case of an unaffiliated party.
- (ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.

6. Related Party Transaction limits:

- (i) The Related Party Transaction must be within the lower of the following transaction limits with respect to any Related Party:
 - Limits on Material Related Party Transactions; and
 - Expected transaction volumes based on past transactions with Related Parties using direct rate of growth as evidence by past data.
- (ii) Credit limits extended to the Related Party must be usual as for unaffiliated parties:

7. Disclosures:

- Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on Corporate Governance;
- The Company shall disclose the policy on dealing with Related Party Transaction on its website and a web-link shall be provided in the Annual Report.