

# THE MOTOR & GENERAL FINANCE LIMITED

## THE MOTOR & GENERAL FINANCE LIMITED

Documents Title	Revised Related Party Transaction Policy
Authority approving the Policy	Board of Directors
Date of Board Meeting	March 28, 2025
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# THE MOTOR & GENERAL FINANCE LIMITED

## **REVISED POLICY ON RELATED PARTY TRANSACTIONS**

### **1. INTRODUCTION, SCOPE AND PURPOSE OF THE POLICY**

The Motor & General Finance Limited (MGF) (hereinafter referred to as the 'Company') recognizes that related party transactions can present actual or potential conflict of interests which may be against the best interests of the Company or its shareholders; hence, it transacts business with its related parties on an arm's length basis.

Pursuant to Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations (Listing Regulations), 2015, the Company is required to formulate a policy on materiality of related party transactions and dealing with related party transactions.

The Company has formulated guidelines for identifying related parties and maintaining proper documentation of all related party transactions in compliance with the provisions of Section 188 of the Companies Act, 2013 read with the Rules made thereunder and Regulation 23 of the Listing Regulations.

The Policy provides a framework for governance and reporting of related party transactions, including material transactions. Amendments from time to time to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

### **2. OBJECTIVE OF THE POLICY**

The Policy sets out the manner of dealing with the transactions between the Company and its related parties in compliance with the applicable laws and regulations as may be amended from time to time and to fix the materiality thresholds for related party transactions.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of related party transactions in the best interests of the Company and its shareholders.

### **3. DEFINITIONS**

**"Act"** means the Companies Act, 2013 as amended and rules issued thereunder.

**"Board of Directors"** or **"Board"** means the Board of Directors as defined under the Companies Act, 2013.

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**“Audit Committee or Committee”** means the Committee of the Board constituted from time to time under Regulation 18 of SEBI(LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

**“Material Modifications”** shall mean: triggering of any of the following conditions whether individually or in aggregate:

- a. Change in overall transaction value of Related Party Transaction beyond 10 % of turnover or 1000 crore whichever is lower.
- b. As may be decided by the Audit Committee on case to case basis.

**“Policy”** means this Related Party Transactions Policy.

**“Control”** shall have the same meaning as defined in the SEBI (Substantial Acquisition and Takeover) Regulations, 2011.

**“Key Managerial Personnel”** shall mean Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.

**“Employees”** shall mean employees of the company (whether working in India or abroad) and including the Directors in the employment of the company.

The terms **“Director, Company Secretary, Chief Financial Officer”**, shall have the same meaning as defined under the Companies Act, 2013.

**“Arm’s length transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interests.

**“Office or Place of Profit”** means any office or place:

- i. where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

**“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 enunciated in the Memorandum and the Articles of Association. The Board and the Audit Committee may lay down principles for determining in

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the ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

**“Material Related Party Transaction”** means a transaction with a related party which if the 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 or Rs 1000 Crores or 10% whichever is lower.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Related Party”** shall mean related party as defined in Section 2(76) of the Companies Act and Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015, as may be amended from time to time or under the applicable accounting standards.

And includes the following:

- a. Any person or entity forming a part of the promoter or promoter group of the company;
- b. any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party:]

**“Related Party Transaction”** means a transaction except for those which have been exempted under the SEBI (LODR) Regulations, 2015, involving a transfer of resources, services or obligations between:

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

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A transaction shall be construed to include a single transaction or a group of transactions in contract.

**“Relative”** means relative as defined in the Companies Act, 2013, and rules prescribed thereunder or as notified under SEBI (LODR) Regulations.

**“SEBI (LODR) Regulations, 2015”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act or the SEBI (LODR) Regulations, 2015, as amended from time to time, shall have the meaning respectively assigned to them therein.

## **4. IDENTIFICATION OF RELATED PARTIES & RELATED PARTY TRANSACTIONS**

Every Director and KMP of the Company shall provide requisite information about their Relatives and all firms, companies, body corporates, or other association of individuals, in which such Director or KMP is interested, whether directly or indirectly, to the Company :-

- a. at the time of appointment;
- b. periodically – as required by the Company or applicable law; and
- c. whenever there is any change in the information already submitted.

The Company strongly prefers to receive 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. Every such Director and KMP shall also provide any additional information about the transaction, that the Board/Audit Committee may reasonably request.

## **5. APPROVALS RELATED TO RELATED PARTY TRANSACTIONS**

### **Approval by the Audit Committee of the Company**

- a. Related Party Transactions of the Company and subsequent modifications thereto shall require prior approval of the Audit Committee of the Company.
- b. Related Party Transactions to which subsidiary 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 the transaction (individually or taken together with previous transactions during a financial year) exceeds 10 percent of the annual standalone turnover as per the last audited financial statements of the Subsidiary.
- c. The Audit Committee shall while considering any Related Party Transaction be provided with all material facts, all relevant material

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information, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters, as may be required for taking an informed decision. The Audit Committee while considering any Related Party Transaction can:

- i. approve the Related Party Transaction; or
  - ii. approve the Related Party Transaction on omnibus basis;
  - iii. where it is not able to approve or reject, forward its recommendation to the Board, or
  - iv. disapprove the Related Party Transaction and in such case, record the reasons for such rejection.
- d. The Audit Committee may grant omnibus approval of repetitive nature for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
- i. The Audit Committee shall lay down the criteria that shall be considered for granting omnibus approval to Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.
  - ii. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
  - iii. While granting omnibus approval, the Audit Committee 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.

- e. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- g. Where the Audit Committee is not approving or rejecting any Related Party Transaction, the Committee can also decide to put up such transaction before the Board and give reasoning the Board shall consider the same accordingly.
- h. Where with respect to any transaction which is proposed to be entered into with any related party, it is not clear whether such transaction will

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be treated as a related party, the Company may take assistance of outside counsel.

- i. Only those members of the Audit Committee who are Independent Directors shall approve any Related Party Transaction. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the said transaction.

### **Approval by the Board of Directors of the Company**

1. Following Related Party Transactions shall require the approval of Board:
  - i. Where the transaction is not in ordinary course of business and/or not at arm's length as specified in Section 188(1) of the Act, such Related Party Transaction shall require approval of the Board at their meeting as required under the Act or rules made thereunder and statutory modification or enactment thereof.
  - ii. Transactions other than those mentioned in (i) and/or subsequent material modifications, which are referred by the Audit Committee, shall be placed for consideration for approval of the Board.
  - iii. Material Related Party Transactions
2. Any Board member who has any potential interest in any Related Party Transaction will recuse themselves and abstain from discussion and voting on the approval of the said transaction.

### **Approval of the Shareholders of the Company**

Following Related Party Transactions shall require the approval of shareholders:

- i. All Material Related Party Transactions & subsequent material modifications therein can be entered into only after obtaining the prior approval of the Company's shareholders by way of a resolution, as prescribed in the Act and/or the SEBI (LODR) Regulations, 2015, irrespective of whether such Related Party Transactions have been entered into in the ordinary course of business of the Company or otherwise, and all Related Parties of the Company shall abstain from voting in favour of such resolution, whether they are a Related Party to the particular transaction or not.
- ii. All contracts or arrangements with Related Parties as outlined under 188, other than those entered into on an arm's length basis or in the ordinary course of business shall require the approval of the shareholders of the Company by way of a resolution, as prescribed in the Companies Act if the conditions and thresholds prescribed in the Companies Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, are satisfied.

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## 6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

To determine the need of a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and such other information as required under the SEBI (LODR) Regulations, 2015 and the Companies Act as amended. In determining whether to approve a Related Party Transaction, the Board/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 arm's 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 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



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not require approval of Audit Committee, Board or Shareholders:

- a. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- b. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- c. resolution plan approved under Section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- d. Such other transactions as specified may be specified by as may be specified by SEBI (LODR) Regulations, 2015 and/or the Act from time to time.

An indicative list of the information to be placed before the Audit Committee, Board and the shareholders, as the case may be, for consideration of RPT is given in Annexure A and will include/exclude such other information as may be prescribed by the SEBI (LODR) Regulations, 2015 and/or the Act as may be amended from time to time.

## **7. ACTIONS TO BE TAKEN IN CASE ANY RELATED PARTY TRANSACTION IS NOT APPROVED AS PRESCRIBED BY THIS POLICY**

Subject to the provisions of the Act and the SEBI (LODR) Regulations, 2015, 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 Audit Committee/Board, as the case may be.

The Audit Committee/Board 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 Audit Committee/Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee/Board under this Policy and shall take any such action it deems appropriate.

The members of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall

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not exceed Rs. 1 crore;

- the transaction is not material in terms of the SEBI (LODR) Regulations, 2015;
- rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- the details of ratification shall be disclosed along with the disclosures of related party transactions to the Board;
- relevance of business urgency and whether subsequent ratification would be detrimental to the Company or in contravention of any law

The Audit Committee may specify any other condition in addition to the above.

The failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it. The said Director shall not participate in the discussion/decision.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may recommend the same for approval of Board and/or 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.

If any Related Party Transaction is entered without obtaining the consent of the Board or Shareholders, as the case may be, the same is required to be ratified by the Board or the shareholders, as the case may be, within three months from the date on which such transaction was entered into. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to it under this Policy and shall take any such action it deems appropriate.

If the Related Party Transaction is not ratified by Board or Shareholders as mentioned above, such transaction shall be voidable at the option of the Board or Shareholders, as the case may be, and if the Related Party Transaction is with a party related to any director, the director concerned shall indemnify the Company against any loss incurred by it.

### **8. DISCLOSURE OF RELATED PARTY TRANSACTIONS**

- a. Every material Related Party Transaction or Related Party Transaction which are not on arm's length basis, entered during the financial year into shall be disclosed to in the Board's report to the shareholders in such manner as may be prescribed under the relevant laws.
- b. Adequate disclosure of all material transactions with related parties

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shall be disclosed quarterly along with the compliance report on corporate governance.

- c. Details of Related Party Transactions shall be submitted to the stock exchanges in the format and in accordance with the timelines, as specified by SEBI from time to time. A copy of such disclosure shall be posted on the website of the Company.
- d. The particulars of Related Party Transactions should be entered in the register(s) maintained under the Companies Act, 2013, wherever applicable.

### **9. WHISTLE BLOWER FOR ANY RELATED PARTY TRANSACTION ENTERED BY THE COMPANY IN CONTRAVENTION OF THIS POLICY**

Any officer or employee can avail of the vigil mechanism to report a fraudulent related party transaction.

### **10. DISCLOSURE OF POLICY**

This Policy shall be disclosed on the website of the Company and its weblink shall be provided in the Annual Report.

### **11. REVIEW AND AMENDMENT OF THE POLICY**

The Board of Directors shall, upon the recommendation of the Audit Committee, assess the adequacy of this Policy at least once every three years, and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, laws applicable and the best practices from time to time.

***In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.***

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## **Annexure A – Indicative List of Information to be provided**

### **A. Information to Audit Committee:**

- a. Type, material terms and particulars of the proposed transaction;
- b. subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
  - details of the source of funds in connection with the proposed transaction;
  - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

### **B. The agenda of the Board meeting at which the resolution related to Related Party Transaction is proposed to be moved shall disclose:**

- a. name of the Related Party and nature of relationship;
- b. nature, duration and particulars of the contract or arrangement;
- c. material terms of the contract or arrangement including the value, if any
- d. any advance paid or received for the contract or arrangement, if any; the manner of determining the pricing and other commercial terms,

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- both included as part of contract and not considered as part of the contract;
- e. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
  - f. any other information relevant or important for the Board to take a decision on the proposed transaction.

### **C. Information to be provided to shareholders:**

- a. Name of the related party, name of the director or key managerial personnel who is related, if any; nature of relationship;
- b. Nature, material terms, monetary value and particulars of the contract or arrangement; (e) any
- c. A summary of the information provided by the management of the Company to the Audit Committee
- d. Justification for why the proposed transaction is in the interest of the Company;
- e. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the below details to be provided;
  - details of the source of funds in connection with the proposed transaction;
  - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- f. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- g. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- h. Any other information that may be relevant.