

Goodyear India Limited

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AGREED BY AUDIT COMMITTEE:	APPROVED BY THE BOARD OF DIRECTORS:
R.V. Gupta sd/- (Chairman)	Rajeev Anand sd/-
Sudha Ravi (Ms) sd/- (Member)	
C Dasgupta sd/- (Member)	
Rajeev Anand sd/- (Member)	

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Goodyear India Ltd

POLICY ON DEALING WITH RELATED PARTY TRANSACTION

1. Preamble

The Board of Directors (the "Board") of Goodyear India Limited (the "Company" or "GIL"), 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.

This policy will be applicable to the Company. This policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its related parties.

2. Purpose

This policy is framed as per requirement of Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. GIL recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its shareholders' best interests. Therefore, this policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

3. Definitions

- a. **"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.
- b. **"Board"** means Board of Directors of the Company.
- c. **"Key Managerial Personnel" or "KMP"** shall have the meaning as defined in the Companies Act, 2013
- d. **"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 consolidated turnover of the company as per the last audited financial statements of the company.
- e. **"Ordinary course of business"** means 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 and Articles of Association
- f. **"Policy"** means Policy on dealing with Related Party Transactions.
- g. **"Related Party" means related party as defined in under section 2 (76) of the Act 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 on whose advice, directions or instructions a director or manager is accustomed to act;
- viii. any company which is-
 - ix. a holding, subsidiary or an associate company of such company; or
 - x. a subsidiary of a holding company to which it is also a subsidiary;
 - xi. such other person as may be prescribed from time to time:
 - 1) a director (other than independent director) or key managerial personnel of the holding, company of such company or his relative;
- h. “Related Party”** means related party as defined in SEBI LODR Regulations, 2015, 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; or
 - ii. Such entity is a related party under the applicable accounting standards
- i. “Related Party Transaction”** transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:
 - i. As per SEBI LODR Regulations, 2015:**
A related party transaction 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."
 - ii. As per Section 188 of the Act:**
 - 1) Sale, purchase or supply of any goods or materials;
 - 2) Selling or otherwise disposing of, or buying, property of any kind;
 - 3) Leasing of property of any kind;
 - 4) Availing or rendering of any services;
 - 5) Appointment of any agent for purchase or sale of goods, materials, services or property;
 - 6) Such related party's appointment to any office or place of profit* in the Company, its subsidiary Company or associate Company; and
 - 7) Underwriting the subscription of any securities or derivatives thereof, of the Company;

*"Office or place of profit" means any office or place—

 - 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;
 - 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;
- j. “Relative”** means relative as defined under the Companies Act, 2013 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)

k. “Transactions on arm’s length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Note: Any term not defined herein shall have the same meaning as defined in the Companies Act, 2013 SEBI LODR Regulations, 2015 or any other law or regulations.

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.

4.1 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 or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Company has appropriate processes to track any potential Related Party Transaction. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such 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.

4.2 Prohibitions related to Potential Related Party Transactions

All Related Party Transactions shall require prior approval of the Audit Committee. Further, all Material Related Party Transactions shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions.

All Related Party Transactions which are neither in the ordinary course of business nor at arm’s length price require Board approval. Also the shareholder approval is required through resolution if the transaction value exceeds the threshold given under the Companies Act 2013.

4.3 Review and Approval of Potential Related Party Transactions

Potential Related Party Transactions will be referred to the next meeting of the Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

In case the dis-interested members of the Audit Committee do not constitute the quorum, those matters shall be referred to the Board of Directors for necessary approvals.

To review a Related Party Transaction, the 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 any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (i) Whether the terms of the Related Party Transaction are at arm’s length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (ii) 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;
- (iii) Whether the Related Party Transaction would affect the independence of an independent director;

- (iv) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- (v) 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
- (vi) 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.
- (vii) 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 the 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 not require approval of Audit Committee or Shareholders:

- (i) Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (ii) 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 pro rata as the Related Party.

Any member of the Committee who has an interest in the transaction under discussion will abstain from voting. Upon completion of its review of the transaction, the Committee may determine to permit or to prohibit the Related Party Transaction.

In case there is any conflict between this policy and the applicable laws including clarifications etc, the matter shall be considered in view of the applicable laws including clarifications etc.

In the case of Transactions which are frequent and regular in nature and are in the normal course of business of the Company, the Audit Committee may grant omnibus approval for such transactions, provided that the Audit Committee shall lay down criteria for granting such approval, the Committee shall satisfy itself of the need for such omnibus approval and it is in the interest of the Company, and such omnibus approval shall specify :

- The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
- The indicative base price / current contracted price and the formula for variation in the price if any and
- Such other conditions as the Audit Committee may deem fit.

Provided that 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. The Audit Committee shall review, atleast 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 approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of one financial year.

5. Committee / Board to seek details

While reviewing any Related Party Transaction, the Committee and/or the Board shall be at liberty to call for more information/details/advise/opinion from the following persons:

- Any employee
- Internal Auditor
- Statutory Auditor
- Cost Auditor
- Secretarial Auditor
- Legal Advisor
- External Expert/Consultant

6. Determination of Arm Length Price

The arm's length principle and the transfer pricing methodologies prescribed under the Indian Income-tax Act, 1961 ('IT Act') as well as associated domestic and international guidance shall be referred to determine arm length price relating to all related party transactions.

8. Reporting and Disclosures

The company shall comply with all reporting and disclosure requirements as may be prescribed from time to time in terms of applicable laws including The Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Company shall disclose this policy relating to Related Party Transactions on its website and a web link shall be provided in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

9. Amendment

Though, Audit Committee or Board has all the right to amend this Policy. However, this policy may stand amended because of any regulatory amendments, clarifications etc in the applicable Laws.

10. Review of the Policy

The adequacy of this policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

11. Compliance responsibility

Compliance of this Policy shall be the responsibility of Compliance Officer who shall have the power to ask for any information or clarifications from the management in this regard.