



**Goodyear India Limited**

**POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS**

*The purpose of this policy is to ensure that the Company obtains the required approval of the transactions between the Company and any of its related parties and report the same as prescribed under the applicable provisions.*

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## 1. ABBREVIATIONS

1	the Act	The Companies Act, 2013 including rules as amended from time to time
2.	Applicable laws	The Companies Act, 2013 and Rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended from time to time and such other applicable act, rules or regulations.
3.	Board	Board of Directors of Goodyear India Limited
4.	the Company	Goodyear India Limited
5.	the Policy	Policy on dealing with Related Party Transactions
6.	SEBI	Securities and Exchange Board of India
7.	SEBI (LODR) 2015	Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, and any amendments or modifications thereof

## 2. INTRODUCTION

This policy is framed as per requirement of Regulation 23(1) of the SEBI LODR, 2015. The Company 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, the 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”** means Committee of Board of Directors of the Company constituted under provisions of SEBI (LODR), 2015 and the Act.
- b. **“Board”** means Board of Directors of the Company.
- c. **“Key Managerial Personnel”** or **“KMP”** shall have the meaning as defined in the Act.
- d. **“Material Related Party Transaction”** as defined in the Companies Act, 2013 and will mean 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 Rs. 1,000 Crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company, whichever is lower.

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

- e. **Material modifications”** means any change/modification in any of the related party transaction(s) already approved
- f. **“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.
- g. **“Related Party”** means a related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards and the following

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b) any person or any entity, holding equity shares:
  - (i) of 20% or more; or
  - (ii) of 10% or more (with effect from 1 April 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.

**h. "Related Party" as defined in section 2 (76) of the Act, as amended, in reference to the Company shall mean:**

- 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 body corporate which is-
  - (a) a holding, subsidiary or an associate company of the Company;
  - (b) a subsidiary of a holding company to which it is also a subsidiary; or
  - (c) an investing company or the venturer of the Company;
- ix. such other person as may be prescribed from time to time:
  - a director (other than an independent director) or key managerial personnel of the holding, company of such company or his relative;

**i. "Related Party Transaction" means related party transactions as defined in the Companies Act 2013 and SEBI LODR, as amended from time to time.**

**As per SEBI (LODR) 2015:**

A related party transaction is a transaction involving a transfer of resources, services or obligations between:-

- a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- a listed entity 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, with effect from April 1, 2023

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

Provided that the following will not be a related party transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.

c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the

disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

• **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;
- **“Relative”** as defined under section 2(77) of the Act, means and includes anyone who is related to another, if –
  - They are members of a Hindu undivided family ;
  - They are husband and wife ; or
  - Father (including step-father)
  - Mother ( including step-mother)
  - Son ( including step-son)
  - Son's wife
  - Daughter
  - Daughter's husband
  - Brother ( including step-brother)
  - Sister (including step-sister)

- j. **“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 Act or SEBI (LODR), 2015 or any other law or regulations.*

## 4. RELATED PARTY TRANSACTIONS

### 4.1 Identification of Potential Related Party and Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing disclosure regarding persons and entities to be considered as "related Party" by virtue of his /her being Director/KMP in the entity or holding certain shareholding. Such notice shall be provided to the Company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

The Company shall at all times maintain a database of Company's related parties. The database shall be monitored by the Company Secretary/ Chief Financial Officer at fixed frequency.

The Board/Audit Committee, in consultation with the Company Secretary/ Compliance Officer, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

#### **A) Audit Committee**

All Related Party Transactions and any subsequent material modification thereto must be reported to the Audit Committee for approval by the Audit Committee in accordance with this Policy. All Related Party Transactions shall require prior approval of the Audit Committee.

Potential Related Party Transactions will be referred to the next meeting of the Audit Committee for review and approval.

Non-Independent Directors in the Audit Committee may participate in the discussions, however, only Independent Directors of the Audit Committee can approve the Related Party Transactions. 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 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 any other relevant matters. In determining whether to approve a Related Party Transaction, the Audit 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(ies), 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 Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case considers reviewing 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 Board 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.

Upon completion of its review of the transaction, the Audit 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, after approval of the Board, for granting such approval, the Audit 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:

- 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, 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 approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of one financial year.

The Audit Committee will review, on an annual basis, the status of long-term (more than one year) or recurring Related Party Transactions

## **B) Board of Directors**

All Related Party Transactions which are either not in the ordinary course of business or not at arm's length price require Board approval. Any member of the Board who has an interest in any Related Party Transaction, shall recuse him or herself and abstain from discussion and voting on the approval of such Related Party Transaction.

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- (a) the name of the related party and nature of relationship;
- (b) the nature, duration of the contract and particulars of the contract or arrangement;
- (c) the 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;
- (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) 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
- (g) any other information relevant or important for the Board to take a decision on the proposed transaction.

### C) Shareholders

All the Material Related Party Transactions and subsequent material modifications shall require approval of the shareholders through resolution and the Related Parties shall not vote to approve such resolution, whether the entity is a related party to the particular transaction or not.

No Related party shall vote on such resolution, to approve any contract or arrangement which may be entered into by the Company, whether such Related Party is a party to the particular transaction or not

The transactions that require the approval of the shareholder is provided below with the threshold prescribed under the Act and SEBI (LODR) 2015.

S. No.	Nature of Transactions	Threshold as per the Act	Materiality as per SEBI (LODR) 2015
1	Sale, purchase or supply of any goods or materials directly or through appointment of agents	Amounting to 10% or more of Turnover or Rs.100 Crores, whichever is lower	All transactions with one party exceeding Rs. 1,000 Crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company, whichever is lower.
2	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Amounting to 10% or more of Net worth or Rs.100 Crores, whichever is lower	
3	Leasing of any kind of property	Amounting to 10% or more of the Net worth or 10% or more of Turnover or Rs.100 Crores, whichever is Lower	
4	Availing or rendering of any services directly or through appointment of agents	Amounting to 10% or more of Turnover or Rs.50 Crores, whichever is lower	
5	Appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 250,000	
6	Remuneration for underwriting the subscription of any securities in or derivatives thereof	Exceeding one per cent. of the net worth	
7	Transfer of resources, services or obligations		
8	Transaction involving payment for brand usage or royalty		

*The limits specified above from 1 to 4 shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*

*The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial year.*

## **5. RATIFICATION**

The Audit Committee of the Company shall recommend to the Board, any related party transactions not approved by them, other than those specified under the statutory provisions, as applicable from time to time

## **6. COMMITTEE / BOARD TO SEEK DETAILS**

While reviewing any Related Party Transaction, the Audit 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
- Compliance Officer
- External Expert/Consultant

## **7. DETERMINATION OF ARM'S 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**

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement and in the prescribed format.

Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance, as required under SEBI (LODR) 2015.

Disclosures of related party transactions on a consolidated basis shall be submitted to the Stock Exchange, in the specified format, within 15 days from the date of publication of the results for the half year and the said disclosure also needs to be uploaded on the website. This disclosure is effective from 01 April, 2022.

With effect from 01 April 2023, disclosures of Related Party Transactions on a half yearly basis shall be submitted to the Stock Exchange on the date of publication of its standalone and consolidated financial results.

The Company shall comply with any other reporting and disclosure requirements as may be prescribed from time to time in terms of the applicable laws.



## **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.

### **1. 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 Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

The Board shall review this policy at least once every three years and update accordingly.

### **2. Compliance responsibility**

The 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.

## **10. LIMITATION**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy.

## **11. DISSEMINATION OF POLICY**

This Policy will be communicated to all the concerned persons of the Company and the amended version of the Policy shall be made available on the website of the Company at [www.goodyear.co.in](http://www.goodyear.co.in) (Investor Relation Section).