



FORCE MOTORS LIMITED

CIN: L34102PN1958PLC011172

Regd. Office: Mumbai - Pune Road, Akurdi, Pune – 411 035.

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

The Policy has been framed as per Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) ('Listing Regulations') and shall be subject to these Regulations or such other Rules/Regulations.

The Policy is amended by the Board on 26th July 2019 pursuant to amendment to Listing Regulations vide notification No. SEBI/LAD-NRO/GN/2019/22 dated 27th June 2019) and is effective from 26th July 2019.

1. Scope:

This policy sets materiality thresholds for related party transactions and provides manner of dealing with related party transactions between the Company and its related parties based on the Companies Act, 2013, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

All related party transactions shall comply with the provisions of the Companies Act, 2013, Listing Regulations and applicable Accounting Standards.

All domestic and international related party transactions shall, wherever applicable, comply with under Sections 92BA & 92B of the Income-tax Act, 1961 domestic and international Transfer Pricing Requirements respectively.

All related party transactions shall be entered on arms' length basis as per Companies Act, 2013 and any other Act/Rules/Regulations.

In exceptional circumstances, where permitted by the law, related party transactions may deviate from the principle of arm's length, after approval from Audit Committee, the Board of Directors and Shareholders of the Company.

2. Materiality thresholds:

A transaction with a "Related Party" shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of annual consolidated turnover of the Company as per the last audited financial statements.

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 5% of the annual consolidated turnover of the Company as per the last audited financial statements.

The aforementioned thresholds shall be reviewed by the Board at least once in three years.



3. Manner of dealing with related party transactions

(a) Identification of related parties:

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

(b) Identification of related party transactions:

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements.

(c) Approval of related party transactions:

Approval of Audit Committee shall be taken for related party transactions as required under the Companies Act, 2013 and the Listing Regulations.

The Audit Committee may give omnibus approval for related party transactions proposed to be entered into by the Company in accordance with the conditions specified in the Companies Act, 2013 and the rules made there under and the Listing Regulations.

Approval of the Board and the Shareholders shall be required in respect of the following related party transactions and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

- i. Where any transaction is above the threshold limits as specified in the Section 188 of the Companies Act, 2013 and Rules made thereunder or the Listing Regulations, as may be applicable; or
- ii. Where the transaction to be entered into by the Company is a material related party transaction as per the Listing Regulations.

Provided that the approval of the shareholders shall not be required for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

4. Disclosures

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or on arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

The Policy shall be subject to review as may be deemed necessary and in accordance with any regulatory amendments.

Pune, 26th July 2019
