

# MAHINDRA CIE AUTOMOTIVE LIMITED

[CIN: L27100MH1999PLC121285]

**Registered Office:** Suite F9D, Grand Hyatt Plaza (Lobby Level),  
Off Western, Express Highway, Santacruz (E), Mumbai- 400 055

**Website:** [www.mahindracie.com](http://www.mahindracie.com); E-mail: [mcie.investors@cie-india.com](mailto:mcie.investors@cie-india.com)

Tel: +91 22 62411031; Fax: +91 22 62411030

## Notice of Postal Ballot

**[Notice pursuant to Section 110 of the Companies Act, 2013 read with Rule 22(1) of Companies (Management and Administration) Rules, 2014]**

To,  
The Members,  
Mahindra CIE Automotive Limited (the "Company")

**Notice** is hereby given pursuant to Section 110 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 ("Rules"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force and guidelines prescribed by the Ministry of Corporate Affairs ("MCA") vide General Circular Nos. 14/2020 dated 8<sup>th</sup> April, 2020, 17/2020 dated 13<sup>th</sup> April, 2020, 22/2020 dated 15<sup>th</sup> June, 2020, 33/2020 dated 28<sup>th</sup> September, 2020, 39/2020 dated 31<sup>st</sup> December, 2020, 10/2021 dated 23<sup>rd</sup> June, 2021 and 20/2021 dated 8<sup>th</sup> December, 2021 (collectively referred to as the "MCA Circulars") and other applicable laws, rules and regulations, if any, that the items of business set out in the Notice annexed hereto are proposed to be transacted through Postal Ballot which, as per the MCA Circulars shall mean voting **only by electronic means through the remote e-voting facility.**

In compliance with the MCA circulars, the Notice of Postal Ballot which comprises of resolutions proposed for approval of the members and the explanatory statement thereto and reasons thereof, is being sent only by email to the Members, whose email addresses are registered with the Depositories (in case of Members holding shares in Demat form) or with Registrar and Share Transfer Agent of the Company (in case of Members holding shares in physical form) and whose names appear in the Register of Members/ List of Beneficial Owners as received from National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"), as on Friday, 20<sup>th</sup> May, 2022 ("cut-off date"). Please note that printed copy of the Notice of Postal Ballot along with Postal Ballot Form and pre-paid business reply envelope will not be sent to the Members. Members are required to communicate their assent or dissent only through the remote e-voting facility.

The Company is providing the remote e-voting facility to enable the members to cast their vote in electronic mode through the Registrar and Share Transfer Agent of the Company i.e., KFin Technologies Limited ("KFintech" or "RTA"). Further, pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 on "e-Voting facility provided by Listed Companies", all the individual shareholders holding shares in demat mode, may cast their vote through remote e-voting by way of single login credential through their demat accounts / websites of Depositories / Depository Participants (DPs).

Pursuant to Rule 22(5) of the Companies (Management and Administration) Rules, 2015, the Board of Directors has appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Membership No. ACS 10189) as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner. Further, in accordance with Regulation 23(4) of SEBI (Listing Regulations and Disclosure Requirements) regulation, 2015, no related party shall vote to approve the resolutions as proposed at Item no. 1 and Item no. 2 of the Notice of Postal ballot. The Scrutinizer's decision on the validity of the vote shall be final.

The remote e-voting facility for Members to cast their vote electronically, will be available during the following period:

- i. Day, date and time of commencement of remote e-voting: Wednesday, 25<sup>th</sup> May, 2022 at 9:00 a.m. (IST)
- ii. Day, date and time of end of remote e-voting: Thursday, 23<sup>rd</sup> June, 2022 at 5:00 p.m. (IST)

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled upon expiry of aforesaid period. Members desiring to exercise their votes are requested to refer Note No. 8 of Notice of Postal Ballot.

To facilitate the Members, whose email addresses were not registered with the RTA/Depositories as on the cut-off date, the Company has made special arrangements with KFintech for registration of email addresses by the Members for temporary purpose of getting the Notice of Postal Ballot and to enable them to cast their vote electronically. For details regarding the same kindly refer Note No. 8 (B) (II) of Notice of Postal Ballot.

The Notice of Postal Ballot shall also be uploaded on the website of the Company i.e., [www.mahindracie.com](http://www.mahindracie.com) and on the website of KFintech <https://evoting.kfintech.com>. The same shall also be available on the websites of National Stock Exchange of India Limited i.e., [www.nseindia.com](http://www.nseindia.com) and BSE Limited i.e., [www.bseindia.com](http://www.bseindia.com).

The Scrutinizer will submit his report to the Chairman or Company Secretary as authorised by the Board after completion of the scrutiny of the votes cast by the remote e-voting facility. The Chairman or the Company Secretary of the Company will announce the results of the Postal Ballot by 5:00 p.m. on 24<sup>th</sup> June, 2022. The resolution, if approved by the requisite majority of members by means of Postal Ballot i.e., remote e-voting, shall be deemed to have been passed on the last date specified by the Company for remote e-voting, i.e., Thursday, 23<sup>rd</sup> June, 2022. Pursuant to Section 110(2) of the Act, in the event the resolutions as set out in the Notice of Postal Ballot are assented to by the members with requisite majority, they shall be deemed to have been passed as Special Business at an Extraordinary General Meeting. The result will be displayed at the registered office of the Company and on website of the Company [www.mahindracie.com](http://www.mahindracie.com) on the website of KFintech <https://evoting.kfintech.com> and upon submission on the websites of National Stock Exchange of India Limited i.e., [www.nseindia.com](http://www.nseindia.com) and BSE Limited i.e., [www.bseindia.com](http://www.bseindia.com).

# MAHINDRA CIE AUTOMOTIVE LIMITED

[CIN: L27100MH1999PLC121285]

**Registered Office:** Suite F9D, Grand Hyatt Plaza (Lobby Level),  
Off Western, Express Highway, Santacruz (E), Mumbai- 400 055

**Website:** [www.mahindracie.com](http://www.mahindracie.com); E-mail: [mcie.investors@cie-india.com](mailto:mcie.investors@cie-india.com)

Tel: +91 22 62411031; Fax: +91 22 62411030

**NOTICE** is hereby given to the Members of Mahindra CIE Automotive Limited (**the Company**), pursuant to Section 110 of the Companies Act, 2013 (the Act) read with the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Act, Rules made and Circulars issued thereunder, that the Company seeks consent of the Members, for the following items of business through Postal Ballot which shall mean voting only by electronic means through remote e-voting facility:

## 1. Approval of material related party transactions of the Company with Mahindra and Mahindra Limited

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Regulation 23(4) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (**“SEBI Listing Regulations”**), as amended from time to time, read with circulars issued by Securities and Exchange Board of India dated 30<sup>th</sup> March, 2022 and 8<sup>th</sup> April, 2022 and the Company’s Policy on materiality of and dealing with related party transactions and pursuant to the omnibus approval granted by the Audit Committee, approval of the members of the Company be and is hereby accorded to material related party transactions of the Company with Mahindra and Mahindra Limited, which inter-alia are in the nature of sale, purchase or supply of goods or materials, availing or rendering of services, leasing/renting of property of any kind and paying/receiving the rent or giving/receiving the security deposit for such property, selling or otherwise disposing off or buying property of any kind including plant and equipment, reimbursements to be made or received (**“Transactions”**), entered into or to be entered into in ordinary course of business and on arm’s length basis, which taken together during a financial year may exceed 10% of the Annual Consolidated Turnover of the Company as per the last audited financial statements, provided that aggregate amount of all such Transactions taken together during a Financial Year shall not exceed ₹ 18,000,000,000 (Rupees Eighteen Thousand Million) and that the approval of the members shall be valid from the date of passing of this resolution for a period of one year.

**RESOLVED FURTHER THAT** the approval of members be and is hereby accorded to Related Party Transactions with Mahindra and Mahindra Limited which may be entered into by the Company, where the need for such transactions cannot be foreseen and requisite details are not available, provided that the value of such transactions does not exceed ₹ 10,000,000 (Rupees Ten Million) per transaction provided that aggregate value of such transactions taken together with the Transactions entered into during a Financial Year in aggregate shall not exceed the aforesaid limits of ₹ 18,000,000,000 (Rupees Eighteen Thousand Million).

**RESOLVED FURTHER THAT** approval of the members be and is hereby accorded to the Board of Directors of the Company (which includes any Committee of the Board) to do all necessary acts, deeds, things and execute all such documents, undertaking as may be necessary in this regard from time to time to give effect to the above resolution.”

## 2. Approval of material related party transactions of CIE Galfor SA (a wholly-owned subsidiary of the Company) with CIE Automotive SA (ultimate holding Company of the Company)

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Regulation 23(4) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (**“SEBI Listing Regulations”**), as amended from time to time, read with circulars issued by Securities and Exchange Board of India dated 30<sup>th</sup> March, 2022 and 8<sup>th</sup> April, 2022 and the Company’s Policy on materiality of and dealing with related party transactions and pursuant to the omnibus approval granted by the Audit Committee, the approval of the members of the Company be and is hereby accorded to the material related party transaction(s) of CIE Galfor S.A. (a wholly-owned subsidiary of the Company)(hereinafter referred to as Galfor) with CIE Automotive S.A. (ultimate holding Company of the Company) (hereinafter referred to as CIE), which taken together with previous transactions during a financial year may exceed 10% of the Annual Consolidated Turnover of the Company as per the last audited financial statements, and which are in the nature of :

I. Cash Pooling Arrangement (more particularly explained in the Explanatory Statement), provided that:

- a. the aggregate amount of funds transferred by Galfor to CIE’s Common Cash Pool Account during a Financial Year, shall not exceed Euro 185,000,000 (Euro One Hundred Eighty Five Million) and at any point of time during the Financial Year the maximum amount receivable by Galfor from CIE, shall not exceed Euro 40,000,000 (Euro Forty Million).
- b. the aggregate of funds drawn by Galfor from CIE’s Common Cash Pool Account during a Financial Year shall not exceed Euro 160,000,000 (Euro One Hundred Sixty Million) and at any point of time during the Financial Year the maximum amount payable by Galfor to CIE, shall not exceed Euro 30,000,000 (Euro Thirty Million).
- c. the interest payable/receivable if any on the amount involved in the Cash Pooling Arrangement shall be determined, as provided in the Explanatory Statement, on arm’s length basis and shall be calculated on the amount receivable/payable at the end of each day during a Financial Year.

- II. Rendering or availing of services in ordinary course of business and on arm's length basis ("**Transactions**") provided that the aggregate amount of the Transactions taken together during a Financial Year shall not exceed Euro 4,000,000 (Euro Four Million only).

**AND THAT** the approval of the members shall be valid from the date of passing of this resolution for a period of one year.

**RESOLVED FURTHER THAT** the approval of the members be and is hereby accorded for such of the Related Party Transactions between CIE and Galfor, where the need could not be foreseen and requisite details are not available, provided that the value of such transactions does not exceed ₹ 10,000,000 (Rupees Ten Million only) per transaction (equivalent to Euro 121,167) subject to the aggregate value of such transactions taken together with the Transactions during a Financial Year in aggregate shall be within the aforesaid limits for the Transactions of Euro 4,000,000 (Euro Four Million only)"

By Order of the Board  
**For Mahindra CIE Automotive Limited**

Pankaj V. Goyal  
**Company Secretary and Compliance Officer**  
Membership Number – A 29614

Pune, 25<sup>th</sup> April, 2022

**Registered Office:**

Suite F9D, Grand Hyatt Plaza (Lobby Level),  
Off Western, Express Highway, Santacruz (E),  
Mumbai- 400 055  
CIN: L27100MH1999PLC121285  
E-mail: [mcie.investors@cie-india.com](mailto:mcie.investors@cie-india.com)  
Website: [www.mahindracie.com](http://www.mahindracie.com)  
Tel: +91 22 62411031  
Fax: +91 22 62411030

**Notes:**

1. The Explanatory Statement pursuant to the provisions of Sections 102 and 110 of the Companies Act, 2013 ("the Act") stating material facts and reasons for the proposed Resolution(s) is annexed hereto.
2. In accordance with the General Circular Nos.14/2020 dated 8<sup>th</sup> April, 2020, 17/2020 dated 13<sup>th</sup> April, 2020, 22/2020 dated 15<sup>th</sup> June, 2020, 33/2020 dated 28<sup>th</sup> September, 2020, 39/2020 dated 31<sup>st</sup> December, 2020, 10/2021 dated 23<sup>rd</sup> June, 2021 and 20/2021 dated 8<sup>th</sup> December, 2021 (collectively referred to as the "MCA Circulars"), the Notice of Postal Ballot which comprises of resolutions proposed for approval of the members and the explanatory statement thereto and reasons thereof, is being sent only by email to the Members, whose email addresses are registered with the Depositories (in case of Members holding shares in Demat form) or with Registrar and Share Transfer Agent of the Company (in case the Members holding shares in physical form) and whose names appear on the Register of Members/ List of Beneficial Owners as received from National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"), as on Friday, 20<sup>th</sup> May, 2022 ("cut-off date")..

The Notice of Postal Ballot shall also be uploaded on the website of the Company i.e., [www.mahindracie.com](http://www.mahindracie.com) and on the website of Registrar and Transfer Agent of the Company i.e., KFin Technologies Limited ("KFinTech" or "RTA") at <https://evoting.kfintech.com> and upon submission to Stock Exchanges on the websites of National Stock Exchange of India Limited i.e., [www.nseindia.com](http://www.nseindia.com) and BSE Limited i.e., [www.bseindia.com](http://www.bseindia.com).

3. In accordance with the requirements of MCA Circulars, physical copy of this Notice of Postal Ballot along with postal ballot forms and pre-paid business envelope will not be sent to the members and accordingly, the members are required to communicate their assent or dissent through remote e-voting system only.
4. The voting rights of members shall be in proportion to the equity shares held by the members in the paid-up equity share capital of the Company as on cut-off date i.e. 20<sup>th</sup> May, 2022. A person, whose name is recorded in the register of members of the Company and/ or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date shall only be entitled to cast their vote through remote e-voting.
5. The Company has appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Membership No. ACS 10189) as the scrutinizer to conduct the Postal Ballot voting process in a fair and transparent manner. In accordance with Regulation 23(4) of SEBI (Listing

Regulations and Disclosure Requirements) regulation, 2015, no related party shall vote to approve the resolutions as proposed at Item no. 1 and Item no. 2 of the Notice of Postal ballot. The Scrutinizer's decision on the validity of the vote shall be final. Scrutinizer will submit his report to the Chairman or Company Secretary as authorised by the Board after completion of the scrutiny of the votes cast by the remote e-voting facility. The Chairman or the Company Secretary of the Company will announce the results of the Postal Ballot by 5:00 p.m. on 24<sup>th</sup> June, 2022. The result shall also be uploaded on the website of the Company i.e., [www.mahindrachie.com](http://www.mahindrachie.com), on the website of KFintech <https://evoting.kfintech.com> and upon submission on the websites of National Stock Exchange of India Limited i.e., [www.nseindia.com](http://www.nseindia.com) and BSE Limited i.e., [www.bseindia.com](http://www.bseindia.com).

6. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Act, Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Transfer Agent i.e., KFin Technologies Limited ("KFintech" or "RTA"). Further, pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 on "e-Voting facility provided by Listed Companies", all the individual shareholders holding shares in demat mode, may cast their vote through remote e-voting by way of single login credential through their demat accounts / websites of Depositories / Depository Participants (DPs).

7. **The remote e-voting facility will be available during the following period:**

- a) Day, date and time of commencement of remote e-voting: Wednesday, 25<sup>th</sup> May, 2022 at 9:00 a.m. (IST)
- b) Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: Thursday, 23<sup>rd</sup> June, 2022 at 5:00 p.m. (IST)

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled upon expiry of aforesaid period.

8. **Instructions for members for remote e-Voting:**

In compliance with the provisions of section 108 of the Act read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020, Members are provided with the facility to cast their vote electronically on all resolutions set forth in the Notice of Postal Ballot, through remote e-voting during the remote e-voting period. The members may cast their vote electronically in the following manner:

- a) **For individual shareholders holding shares in demat mode :** Individual shareholders holding shares in demat mode, may cast their vote through remote e-voting by way of single login credential through their demat accounts / websites of Depositories / Depository Participants (DPs)

For further details please refer Note No. 8 (A) of this Notice of Postal Ballot.

- b) **For non-individual shareholders holding shares in demat mode and all shareholders holding shares in physical mode:** The Login Credentials provided in the email received from KFintech/generated as per procedure provided in Note No. 8 (B) shall be required for remote e-voting during the remote e-voting period as mentioned above.

For further details please refer Note No. 8 (B) of this Notice of Postal Ballot.

**A) Login method for remote e-Voting for Individual shareholders holding securities in demat mode**

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 on "e-Voting facility provided by Listed Companies", all the individual shareholders holding shares in demat mode, may cast their vote through remote e-voting by way of single login credential through their demat accounts / websites of Depositories / Depository Participants (DPs) in order to increase the efficiency of the voting process. Individual shareholders holding shares in demat mode, would be able to cast their vote without having to register again with the e-Voting service provider (ESP) (i.e. KFin Technologies Limited) thereby not only facilitating seamless authentication but also ensures ease and convenience of participating in remote e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access remote e-Voting facility.

The procedure to login and accessing remote e-voting platform, as advised by the Depositories, is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li>1. <b>User already registered for IDeAS facility:</b> <ol style="list-style-type: none"> <li>I. Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting"</li> <li>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</li> </ol> </li> <li>2. <b>User not registered for IDeAS e-Services</b> <ol style="list-style-type: none"> <li>I. To register click on link : <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>II. Select "Register Online for IDeAS" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>III. Proceed with completing the required fields.</li> <li>IV. Follow steps given in point 1</li> </ol> </li> <li>3. <b>Alternatively by directly accessing the e-Voting website of NSDL</b> <ol style="list-style-type: none"> <li>I. Open URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>II. Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e. KFintech. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. <b>Existing user who have opted for Easi / Easiest</b> <ol style="list-style-type: none"> <li>I. Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>II. Click on New System Myeasi</li> <li>III. Login with your registered user id and password.</li> <li>IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal.</li> <li>V. Click on e-Voting service provider name to cast your vote.</li> </ol> </li> <li>2. <b>User not registered for Easi/Easiest</b> <ol style="list-style-type: none"> <li>I. Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>II. Proceed with completing the required fields.</li> <li>III. Follow the steps given in point 1</li> </ol> </li> <li>3. <b>Alternatively, by directly accessing the e-Voting website of CDSL</b> <ol style="list-style-type: none"> <li>I. Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>II. Provide your demat Account Number and PAN No.</li> <li>III. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</li> <li>IV. After successful authentication, user will be provided links for the respective ESP, i.e., <b>KFintech</b> where the e - Voting is in progress.</li> </ol> </li> </ol>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<ol style="list-style-type: none"> <li>I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility.</li> <li>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</li> <li>III. Click on options available against company name or e-Voting service provider – <b>KFintech</b> and you will be redirected to e-Voting website of <b>KFintech</b> for casting your vote during the remote e-Voting period without any further authentication.</li> </ol>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990</b> and <b>1800 22 44 30</b>
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022- 23058738</b> or <b>022-23058542-43</b>

**B) Login method for remote e-Voting for other than Individual shareholders holding securities in demat mode and for all shareholders holding securities in physical mode**

**I. In case of Members holding shares as on 20<sup>th</sup> May, 2022 and receiving this Notice of Postal Ballot by email (where email id of member is registered):**

- i. Member will receive an e-mail from KFintech [for Members whose e-mail IDs are registered with the Company/Depositories] which includes details of E-Voting Event Number ("EVEN"), USER ID and password. Kindly follow the following steps:
- ii. Launch internet browser by typing the URL: <https://evoting.kfintech.com>.
- iii. Enter the login credentials (i.e. User ID and password) as mentioned in the email. However, if you are already registered with KFintech for e-voting, you must use your existing User ID and password. In case of physical folio, User ID will be EVEN followed by Folio Number. In case of Demat account, User ID will be your DP ID and Client ID.
- iv. After entering these details appropriately, click on "LOGIN".
- v. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the "EVENT" of Mahindra CIE Automotive Limited.
- viii. On the voting page, all the items as mentioned in the Notice of Postal Ballot shall be listed.
- ix. Voting has to be done separately for each folio/ demat accounts.
- x. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as on the Cut-off date for the voting. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- xi. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xii. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xiii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail ID: [sbhagwatcs@yahoo.co.in](mailto:sbhagwatcs@yahoo.co.in) with a copy to [evoting@kfintech.com](mailto:evoting@kfintech.com). They may also upload the same in the e-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name\_ EVENT NO."

**II. In case of Members holding shares as on 20<sup>th</sup> May, 2022 and whose email address is not registered**

- a. For Members who have not registered their e-mail address and in consequence the Notice of Postal Ballot could not be serviced, may temporarily get their e-mail address registered with the RTA, by clicking the link: <https://ris.kfintech.com/clientservices/postalballot/registration.aspx> and following the registration process as guided thereafter.

Post successful registration of the e-mail, the Members will be sent copy of Notice of Postal Ballot which includes the procedure for remote e-voting along with the User ID and Password to enable remote e-voting. In case of any queries, Members may write to the RTA at [evoting@kfintech.com](mailto:evoting@kfintech.com).

- b. It is clarified that for permanent registration of e-mail address, Members are requested to register their email addresses as follows:
  - i. **Physical Holding:** Send relevant documents to the RTA along-with duly filled Form ISR 1 (please follow detailed instructions in Note No. 12 and Note No. 13)
  - ii. **Demat Holding:** By contacting respective Depository Participant (“DP”) and registering e-mail address and mobile number in demat account, as per the process advised by the DP.
- c. Those Members who have already registered their e-mail address are requested to keep their e-mail addresses validated with their DP / KFintech, to enable servicing of notices, etc. electronically to their e-mail address.

### III. Instructions for resetting/generating new password:

Members who holds share as on the cut-off date i.e. 20<sup>th</sup> May, 2022, wishes to reset/generate new password, may obtain the User Id and password in the manner as mentioned below:

- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
  1. Example for NSDL:  
MYEPWD <SPACE> IN12345612345678
  2. Example for CDSL:  
MYEPWD <SPACE> 1402345612345678
  3. Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Members whose email addresses and mobile numbers are not registered may contact KFintech at toll free number 1800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com) to generate a password.
- iv. Once the password is received/retrieved by the shareholders, you may kindly follow the instructions as mentioned above and case vote by remote e-voting.

### 9. Details of persons to be contacted for any queries / issues:

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual for Members available in the download section of <https://evoting.kfintech.com> or call on KFintech’s toll free number 1800-3094-001 or can send email to [evoting@kfintech.com](mailto:evoting@kfintech.com). Any grievances connected with the remote e-voting may be addressed to Ms. Sheetal Doba, Manager - Corporate Registry, KFin Technologies Limited, Unit: Mahindra CIE Automotive Limited, Selenium Tower B, Plot 31- 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, Contact No. 040 - 6716 1511, E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). The grievances can also be addressed to Mr. Pankaj Goyal, Company Secretary and Compliance Officer of the Company by sending e-mail to [mcie.investors@cie-india.com](mailto:mcie.investors@cie-india.com).

Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL may contact the helpdesk by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., CDSL may contact the helpdesk by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 or 022-23058542-43.

10. Pursuant to Section 110(2) of the Act, in the event the resolutions as set out in the Notice of Postal Ballot are assented to by the members with requisite majority, they shall be deemed to have been passed as Special Business at an Extraordinary General Meeting. The resolution, if approved by the requisite majority of members by means of Postal Ballot i.e., remote e-voting, shall be deemed to have been passed on the last date specified by the Company for remote e-voting, i.e., Thursday, 23<sup>rd</sup> June, 2022.
11. All documents referred to in this Notice of Postal Ballot will also be available electronically for inspection without any fee by the members from the date of circulation of the Notice of Postal Ballot up to the closure of the remote e-voting period. Members seeking to inspect such documents can send an email to [mcie.investors@cie-india.com](mailto:mcie.investors@cie-india.com).

12. Securities & Exchange Board of India vide its circulars SEBI/HO/MIRSDMIRSD\_RTAMB/P/CIR/2021/655 dated 3<sup>rd</sup> November, 2021 and SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated 14<sup>th</sup> December, 2021 has made it mandatory for holders of physical securities to furnish valid PAN (where the PAN is linked with Aadhaar), full KYC details (address proof, email address, mobile number, bank account details) and nomination (for all the eligible folios).

**Freezing of Folios without valid PAN, KYC details, Nomination**

- a. In case, any of the aforesaid documents / details are not available in a Folio, on or after 1<sup>st</sup> April, 2023, the same shall be frozen by RTA.
- b. Similarly, in case the PAN(s) in a folio is/are not valid as on the cut-off date specified by The Central Board of Direct Taxes (CBDT) then also the folio shall be Frozen as above.
- c. A member/claimant will be eligible to lodge grievance or avail service request from the RTA or eligible for any payment including dividend only after furnishing the complete documents or details as aforesaid.
- d. In case the folio continues to remain frozen as on 31<sup>st</sup> December, 2025, the RTA / Company shall refer such frozen folios to the Administering Authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002.

**13. Issuance of Securities in dematerialized form in case of Investor Service Requests**

We would further like to draw your attention to SEBI Notification dated 24<sup>th</sup> January, 2022 and SEBI Circular SEBI/HO/MIRSD/ MIRSD\_RTAMB/P/CIR/2022/8 dated 25<sup>th</sup> January, 2022. Accordingly, while processing service requests in relation to; 1) Issue of duplicate securities certificate; 2) Claim from Unclaimed Suspense Account; 3) Renewal / Exchange of securities certificate; 4) Endorsement; 5) Sub-division / Splitting of securities certificate; 6) Consolidation of securities certificates/folios; 7) Transmission and 8) Transposition, the Company shall issue securities only in dematerialised form. For processing any of the aforesaid service requests the securities holder/claimant shall submit duly filled up Form ISR-4.

We hereby request to holders of physical securities to furnish the documents/details, as per the table below for respective service request, to the Registrars & Transfer Agents i.e., M/s. KFin Technologies Limited:

Sr. No.	Particulars	Please furnish details in
1	PAN	Form No.: ISR-1
2	Address with PIN Code	
3	Email address	
4	Mobile Number	
5	Bank account details (Bank name and Branch, Bank account number, IFS Code)	
6	Demat Account Number	
7	Specimen Signature	Form No.: ISR-2
8	Nomination details	Form No.: SH-13
9	Declaration to opt out nomination	Form No.:ISR-3
10	Cancellation or Variation of Nomination	Form No.: SH-14
11	Request for issue of Securities in dematerialized form in case of below: i. Issue of duplicate securities certificate ii. Claim from Unclaimed Suspense Account iii. Renewal / Exchange of securities certificate iv. Endorsement v. Sub-division / Splitting of securities certificate vi. Consolidation of securities certificates/folios vii. Transmission viii. Transposition	Form No.: ISR-4

A member needs to submit Form ISR-1 for updating PAN and other KYC details to the RTA of the Company. Member may submit Form SH-13 to file Nomination. However, in case a Member do not wish to file nomination 'declaration to Opt-out' in Form ISR-3 shall be submitted.

In case of major mismatch in the signature of the members(s) as available in the folio with the RTA and the present signature or if the signature is not available with the RTA, then the member(s) shall be required to furnish Banker's attestation of the signature as per Form ISR-2 along-with the documents specified therein. Hence, it is advisable that the members send the Form ISR-2 along-with the Form ISR-1 for updating of the KYC Details or Nomination.

All the aforesaid forms can be downloaded from the website of the Company at: <https://www.mahindrafc.com/investors/downloads/information-for-holders-of-physical-securities.html> and from the website of the RTA at <https://ris.kfintech.com/clientservices/diy/>.

The Company has also sent a separate communication providing information to the holders of physical securities as above with the status of their respective KYC in record of Company/RTA.



## Explanatory Statement pursuant to Sections 102 and 110 of the Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014

### Item No. 1

#### Background

Mahindra and Mahindra Limited (M&M) is a Related Party of the Company as the Company is an Associate of M&M. M&M is also one of the Promoters of the Company.

The Company enters into various transactions with M&M in Ordinary Course of its business which inter-alia are in the nature of sale, purchase or supply of goods or materials, availing or rendering of services, leasing/renting of property of any kind and paying/receiving the rent for such property, selling or otherwise disposing off or buying property of any kind including plant and equipment, reimbursements to be made or to be received ("Transactions"). All the Transactions with M&M are in the Ordinary Course of Company's business and are at Arm's Length basis.

The Members of the Company by a resolution passed on 6<sup>th</sup> May, 2019 at the 20<sup>th</sup> Annual General meeting of the Company had approved material related party transaction with M&M, in accordance with Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Listing Regulations), for an amount not exceeding ₹ 18,000,000,000 (Rupees Eighteen Thousand Million) in any Financial Year from 1<sup>st</sup> January 2019 onwards. As such, the approval of shareholders was valid till the time the related party transactions limits as approved by the members of the Company or any other terms of the approval were to be modified.

The Audit Committee of the Company grants its omnibus approval to the Transactions to be entered into with M&M and the said approval of Audit Committee is valid for period of one year as provided in Regulation 23(3) of Listing Regulations. The Audit Committee at its meeting held on 9<sup>th</sup> December 2021 granted an omnibus approval to the Related Party Transactions to be entered into by the Company with M&M during the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022. The omnibus approval granted by the Audit Committee was within the limits ₹ 18,000,000,000 (Rupees Eighteen Thousand Million) approved by the shareholders at the 20<sup>th</sup> Annual General Meeting. Hence no fresh approval of shareholders of the Company was envisaged by the Company.

With effect from 1<sup>st</sup> April, 2022 the Regulation 23 of the Listing Regulations has amended. As per the amended Regulation 23, a transaction with a Related Party, undertaken by the listed entity and any of its subsidiaries, shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower ("**materiality threshold**").

Securities and Exchange Board of India ("**SEBI**") vide its circular dated 30<sup>th</sup> March 2022 clarified that the related party transactions ("RPT") that has been approved by the audit committee and shareholders prior to 1<sup>st</sup> April 2022, need not be approved by the members afresh. SEBI has vide another circular dated 8<sup>th</sup> April 2022 further clarified that the shareholders' approval to RPTs for which omnibus approval is granted by the Audit Committee shall be valid only for a period upto 15 months (in case the approval by the members is granted at an Annual General Meeting) or one year (in case the approval is granted at any other general meeting). No such period was earlier specified for approval of RPTs by shareholders.

In view of the aforesaid clarification by SEBI, approval of the members of the Company is being sought for the Material Related Party transaction entered into or to be entered into by the Company during a financial year with M&M, the aggregate value of which exceeds the materiality threshold of the Company.

#### Information required vide SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22<sup>nd</sup> November 2021 is as below:

Particulars	Remarks
Name of the related party;	Mahindra and Mahindra Limited (" <b>M&amp;M</b> ")
Name of the director or key managerial personnel who is related, if any;	None of the Directors, Key Managerial Personnel or their relatives are interested or concerned, financially or otherwise in the Resolution set out at Item No. 1. However, Mr. Shriprakash Shukla and Mr. Puneet Renjhen Directors of the Company are nominated on the Board of the Company by M&M and are in whole-time employment of M&M. Hence, they may be concerned or interested in the resolution to the extent of their employment or shareholding in the M&M.
Nature of relationship;	The Company is an associate of M&M, which is also a Promoter of the Company.

Particulars	Remarks												
Nature, material terms, monetary value and particulars of the contract or arrangements;	<p>Transactions are in the nature of sale, purchase or supply of goods or materials, availing or rendering of services, leasing/renting of property of any kind and paying/receiving the rent or giving/receiving the security deposit for such property, selling or otherwise disposing off or buying property of any kind including plant and equipment, reimbursements to be made or received. All the transactions are transacted on arm's length basis and are in the ordinary course of the business.</p> <p>The Audit Committee at its meeting held on 9<sup>th</sup> December 2021 has granted omnibus approval to related party transaction with M&amp;M, to be entered into during 1<sup>st</sup> January, 2022 to 31<sup>st</sup> December, 2022 as per below details:</p> <table border="1" data-bbox="592 419 1490 661"> <thead> <tr> <th data-bbox="592 419 1233 459">Particulars</th> <th data-bbox="1233 419 1490 459">₹ in Million</th> </tr> </thead> <tbody> <tr> <td data-bbox="592 459 1233 499">Sale of goods</td> <td data-bbox="1233 459 1490 499">16,000.0</td> </tr> <tr> <td data-bbox="592 499 1233 540">Purchase of Goods</td> <td data-bbox="1233 499 1490 540">180.0</td> </tr> <tr> <td data-bbox="592 540 1233 580">Reimbursement/Service/IT-Paid</td> <td data-bbox="1233 540 1490 580">50.0</td> </tr> <tr> <td data-bbox="592 580 1233 620">Rent Paid &amp; other services</td> <td data-bbox="1233 580 1490 620">50.0</td> </tr> <tr> <td data-bbox="592 620 1233 661">Deposit given (in nature of security)</td> <td data-bbox="1233 620 1490 661">10.0</td> </tr> </tbody> </table> <p>The Audit Committee has also granted omnibus approval to transactions where the need for related party transaction cannot be foreseen and requisite details to be placed before it are not available, subject to the value of such transaction not exceeding rupees ₹ 10,000,000 (Rupees Ten Million) per transaction.</p>	Particulars	₹ in Million	Sale of goods	16,000.0	Purchase of Goods	180.0	Reimbursement/Service/IT-Paid	50.0	Rent Paid & other services	50.0	Deposit given (in nature of security)	10.0
Particulars	₹ in Million												
Sale of goods	16,000.0												
Purchase of Goods	180.0												
Reimbursement/Service/IT-Paid	50.0												
Rent Paid & other services	50.0												
Deposit given (in nature of security)	10.0												
Tenure of the proposed transaction (particular tenure shall be specified)	<p>The Transactions are repetitive in nature.</p> <p>Audit Committee of the Company considers and grants omnibus approval to the Related Party Transactions which are repetitive in nature before the commencement of a Financial Year, which is valid for one Financial Year in accordance with Regulation 23(3) of the Listing Regulations. The transactions entered into pursuant to the Omnibus Approval are placed before the Audit Committee on quarterly basis for review. In line with the same, the Audit Committee, at its meeting held on 9<sup>th</sup> December 2021 has granted its omnibus approval for the transactions to be entered into during 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 with M&amp;M.</p> <p>In accordance with Regulation 23(4) read with the Circular, approval of the members shall be valid for a period of one year from the date of passing of this resolution by the members.</p>												
Justification for why the proposed transaction is in the interest of the Company	<p>The Company being an auto component maker, targets to have all key Original Equipment Manufacturers ("OEMs") in its customer portfolio. M&amp;M is one of the leading Original Equipment Manufacturer in India and has been a major customer for the Company which is also substantiated by the sale of goods to M&amp;M during financial year ended on 31<sup>st</sup> December 2021 which accounted for 13.81% of the consolidated sales of the Company for the financial year. The Company always looks for opportunities to participate in new programs launched by the OEMs as well as increasing the Share of Business in the Existing Programs. Likewise, the Company also make similar efforts for its business with M&amp;M.</p> <p>Other transactions are also linked to or relevant for ensuring smooth supply of products to M&amp;M.</p> <p>All the Transactions with M&amp;M are in Ordinary Course of Company's Business and are at arm's length basis.</p>												
Where the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company or its subsidiary?, If yes, provide the specified details as below:	No												
Details of the source of funds in connection with the proposed transaction	Not applicable												
Where any financial indebtedness is incurred to make or give loans, inter- corporate deposits, advances, or investments (Nature of indebtedness, cost of funds, tenure)	Not applicable												

Particulars	Remarks
Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security	Not applicable
The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	Not applicable
A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;	In this case valuation report is not required. All the Transactions with M&M are in the Ordinary Course of Company's business and are at Arm's Length basis.
A summary of the information provided to the Audit Committee.	All the information as provided in this table was presented to the Audit Committee.

Based on the information on Related Party Transactions, summarised in this Postal Ballot Notice and the omnibus approval granted by the Audit Committee, the Board of Directors of the Company has recommended that the approval of the members be also sought for the resolution set out at Item No. 1. The Audit Committee and the Board of Directors are of the opinion that the related party transactions between the Company and M&M shall not be detrimental to the interest of minority members and is in the best interest of the Company and its members.

The details of transaction entered into by the Company pursuant to the said approval shall be placed before the Audit Committee of the Company as per requirements of the Listing Regulations and shall remain within the limits as approved by the members. Any subsequent material modifications in the proposed transactions, as defined by the Audit committee, which forms part of the Policy, shall be placed before the members for approval, in terms of Regulation 23(4) of the Listing Regulations.

The approval of the members of the Company shall be valid for a period of one year. The Company shall seek fresh approval of the members, if required as per the Applicable Laws in force at the relevant time, for the Material Related Party Transaction with M&M at the Annual General Meeting of the Company to be held in the calendar year 2023 or within a period of one year from the date of passing this resolution and every year thereafter as may be required.

**Pursuant to Regulation 23 of the Listing Regulations, members may also note that no related party of the Company shall vote to approve the resolution at Item No. 1 whether the entity is a related party to the particular transaction or not. Accordingly, no Member of the Company being a Related Party of the Company as per the Listing Regulations shall vote to approve the said resolution.**

None of the Directors, Key Managerial Personnel or their relatives are interested or concerned, financially or otherwise in the Resolution set out at Item No. 1. However, Mr. Shriprakash Shukla and Mr. Puneet Renjhen Directors of the Company are nominated on the Board of the Company by M&M and are in whole-time employment of M&M. Hence, they may be concerned or interested in the resolution to the extent of their employment or shareholding in M&M.

The related party transactions with M&M shall not, in any manner, be detrimental to the interest of minority members and is in the best interest of the Company and its members.

The Board recommends the Ordinary resolution set out at Item No. 1 of the Notice for approval of the Members.

## Item No. 2

CIE Galfor S.A., Spain (Galfor) is a wholly owned subsidiary of the Company. CIE Automotive S.A. (CIE) is the ultimate holding company of the Company and Galfor.

Galfor and CIE both incorporated under Laws of Spain have been entering into various transactions in their Ordinary Course of Business which are in the nature of Cash Pooling Arrangement and rendering or availing of services during the course of the year. All these transactions are governed and are in compliance with Spanish Law.

Galfor is, a wholly owned subsidiary of the Company. CIE is a related party of the Company and Galfor. Hence transactions amongst Galfor and CIE are related party transactions as per Regulation 2(zc) of SEBI(Listing Obligations and Disclosure Requirement) Regulation, 2015 (the Listing Regulations) w.e.f. 1<sup>st</sup> April, 2022. As per regulation 23(4) of the SEBI Listing Regulations, all material related party transactions, to which the Company and/or any subsidiary of the Company is a party, requires approval of the Shareholders.

The Cash Pooling Arrangement is expected to exceed the materiality threshold as provided under Regulation 23(1) of the Listing Regulations read with Company's Policy on materiality of and dealing with Related Party Transactions (the Policy).

Galfor has been participating in the Cash Pooling Arrangement in Ordinary Course of its business with CIE, now for the last more than 10 (Ten) years as a part of its daily cash management and optimizing of its financial costs/returns. The Cash Pooling Arrangement is in compliance with Transfer Pricing Regulations, and other applicable laws, in Spain.

### **What is Cash Pooling Arrangement?**

As a part of Cash Pooling Arrangement, Galfor:

- a) transfers the funds as may be available in its own bank accounts at the end of a day, to a Common Cash Pool Account of CIE; and
- b) Draws funds from the Common Cash Pool Account of CIE as it may require for its business operations

The Cash Pool Account is a reciprocal current account between CIE and various entities in the CIE group.

Galfor generates cash from its business operations, such as receipts against sales made to its customers. It also requires cash to meet various operational requirement such as payments to Suppliers etc.

On a daily basis, Galfor may either have a positive cash position (when payments are lower than receipts) or a negative cash position (when payments are more than receipts).

When Galfor has a positive cash position, the balance at the end of day in its bank account is transferred to the Cash Pool Account of CIE. In case Galfor has a negative cash position, Galfor draws funds as it may require from the Cash Pool Account of CIE to meet its operational requirements.

### **How the Cash Pooling arrangement is Operates ?**

At end of a certain day, on cumulative basis if the total amount transferred by Galfor to the Cash Pool Account of CIE is more than the aggregate amount drawn from the said Common Cash Pool Account, then Galfor will have receivable from CIE, which is reckoned as Loan by Galfor. In such scenario, the amount drawn by Galfor from the Common Cash Pool Account, will be a repayment of Loan by CIE.

On the contrary, if the total amount transferred by Galfor to the Cash Pool Account of CIE is lower than the aggregate amount drawn from the said Common Cash Pool Account on cumulative basis, then Galfor will have Payable to CIE which is reckoned as Borrowing by Galfor. In such scenario, the amount transferred by Galfor to the said Common Cash Pool Account, will be a repayment of Borrowing by Galfor.

### **How is the interest calculated?**

The interest is accrued on daily basis and is calculated on the net-outstanding in the Common Cash Pool Account at the end of each day. The rate of interest is determined on arm's length, every six months, on the basis of Bank Interest Rates published by European Central Bank. It is linked to "Bank Interest Rate – Loan to corporations with an IRF period over one and upto five years (new business) – euro area". You may kindly refer the same at the link below:

[https://sdw.ecb.europa.eu/quickview.do?SERIES\\_KEY=124.MIR.M.U2.B.A2A.I.R.A.2240.EUR.N&resetBtn=+Reset+Settings&start=&end=&trans=N](https://sdw.ecb.europa.eu/quickview.do?SERIES_KEY=124.MIR.M.U2.B.A2A.I.R.A.2240.EUR.N&resetBtn=+Reset+Settings&start=&end=&trans=N).

At the present the applicable rate of interest is 1.50% per annum. The rate of interest for Borrowing and Loan is the same. Interest is paid once per year within 10 days after yearly closing.

### **How the transaction is a "Material Related Party" transaction?**

The explanation to Regulation 23 (1) of the SEBI Listing Regulations and Company's Policy on materiality of and dealing with Related Party Transactions' (the Policy) made under Regulation 23(1) of SEBI Listing Regulations, provides that a "Material Related Party Transaction" means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds rupees one thousand crore or ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Regulation 2(1)(zc) of SEBI Listing Regulations defines "related party transactions" to mean, transfer of resources, services or obligations between related entities. Hence, the transfer of funds from Galfor to CIE and visa-versa can be construed as a Related Party Transaction.

As per the Regulation 23(1) of the SEBI Listing Regulations read with Company's Policy on materiality of and dealing with Related Party Transactions (the Policy) the materiality threshold for the financial year ending 31<sup>st</sup> December 2022 is INR 8,386.71 million (equivalent to Euro 95.91 million).

During financial year ending 31<sup>st</sup> December 2021, Galfor had payable position i.e. Borrowing from CIE. The maximum amount outstanding on any given day during the said financial year did not exceed Euro 28 Million. This is well below the materiality threshold.

However, if we consider aggregate of only one leg of transaction i.e., either amount transferred by Galfor to the Common Cash Pool Account or visa-versa then the same during CY2021 was Euro 166.48 million and Euro 143.62 Million respectively and both the amounts are in excess of the materiality threshold of the Company.

While the amount outstanding at any point of time is well below the threshold, the aggregate of daily transfers by Galfor from/to the Common Cash Pool Account during a financial year exceeds the materiality threshold.

It is worth noting that at the beginning of CY 2021 i.e. 1<sup>st</sup> January, 2021, Galfor had payable position i.e. Borrowing of Euro 24.36 Million which was reduced to Euro 1.50 Million as at 31<sup>st</sup> December, 2021. Further, as on 31<sup>st</sup> March 2022 Galfor has a receivable Position, a Loan Receivable from CIE of Euro 6.06 Million.

**Transactions other than Cash Pooling Arrangement:**

Other Related Party Transactions of Galfor with CIE, are in the nature of availing or rendering of services which are in Ordinary Course of Business of Galfor and are transacted on arms-length basis.

The aggregate value of the Transactions during financial year ended 31<sup>st</sup> December 2021 was Euro 1.48 Million.

**Approval of Audit Committee**

The Audit Committee of the Company at its meeting held on 25<sup>th</sup> April, 2022 granted omnibus approval to the Cash Pooling Arrangement and other related party transactions between Galfor and CIE.

**Requirement of approval of the shareholders:**

With effect from 1<sup>st</sup> April, 2022 prior approval of members of the Company is required for all material related party transactions to which subsidiary of the Company is a party (even if the Company is not a party to such transaction), in terms of Regulation 23 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Further, a transaction with a related party, undertaken by the listed entity and any of its subsidiaries, shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Accordingly, in accordance with Regulation 23(4) of the Listing Regulations and Company's Policy on materiality of and dealing with Related Party Transactions, approval of the members of the Company is requested for the Material Related Party transaction entered into or to be entered into between Galfor with CIE as per the omnibus approval granted by the Audit Committee.

Information required vide SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22<sup>nd</sup> November, 2021 is as below:

Particulars	Remarks
Name of the related party;	CIE Automotive S.A. (the ultimate holding Company of the Company) CIE Galfor S.A. (wholly-owned subsidiary of the Company) is entering into the Transactions with CIE
Name of the director or key managerial personnel who is related, if any;	None of the Directors, Key Managerial Personnel or their relatives are interested or concerned, financially or otherwise in the Resolution set out at Item No. 2. However, Mr. Ander Arenaza and Mr. Jesus Maria, Directors of the Company are in whole-time employment of CIE. Further, Mr. Jesus Maria and Mr. S.P. Shukla Directors of the Company are also Directors of CIE. Hence, they may be concerned or interested in the resolution to the extent of their Directorship, employment or shareholding in CIE as may be applicable.
Nature of relationship;	CIE Automotive S.A. is the ultimate holding Company of the Company. The Company is seeking approval since its wholly owned subsidiary namely CIE Galfor S.A. is entering into transaction with CIE
Nature, material terms, monetary value and particulars of the contract or arrangements;	The requisite details are already provided hereinabove.
Tenure of the proposed transaction (particular tenure shall be specified)	The Cash Pooling Arrangement and the Transactions are repetitive in nature. Audit Committee of the Company considers and grants approval to the Related Party Transactions which are repetitive in nature before the commencement of a Financial Year, which is valid for one Financial Year in accordance with Regulation 23(3) of the Listing Regulations. The transactions entered into pursuant to the Omnibus Approval are placed before the Audit Committee on quarterly basis for review. In line with the same, the Audit Committee, at its meeting held on 25 <sup>th</sup> April, 2022 has granted its omnibus approval to the transactions entered into or to be entered into between Galfor and CIE which taken together with the earlier transaction during a financial may exceed 10% of the Annual Consolidated Turnover of the Company. In accordance with Regulation 23(4) read with the Circular, approval of the members shall be valid for a period of one year from the date of passing of this resolution by the members.

Particulars	Remarks																														
Justification for why the proposed transaction is in the interest of the Company	<p>The Cash Pooling Arrangement is a part of Galfor's daily cash management while optimizing its financial costs/returns.</p> <p>For Galfor this arrangement provides for a secure, liquid, optimal return, based on market linked rate, on its daily surpluses when it has a positive balance in the cash pool account. While borrowing, it provides quick and flexible access to liquidity at a market linked cost with clear visibility on repayment obligation.</p> <p>For the Company's and its subsidiaries in Europe, CIE's scale provides access to bank funds wherever required at very competitive rates. Long term surpluses of Company's subsidiaries are deployed to maximise stakeholder returns by deploying them at appropriate locations avoiding exchange and tax inefficiencies.</p> <p>The Other Related Party Transactions are part of Ordinary Course of Galfor's business and benefits the business operations of Galfor.</p>																														
Where the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the Company or its subsidiary, provide the specified details as below:	<table border="1" data-bbox="448 495 1444 923"> <thead> <tr> <th data-bbox="448 495 496 651"></th> <th data-bbox="496 495 837 536">Approval sought for</th> <th data-bbox="837 495 943 536">€ Million</th> <th data-bbox="943 495 1129 651">% to the Company's Annual Consolidated Sales of CY2021</th> <th data-bbox="1129 495 1283 586">% to Galfor Sales of CY 2021</th> <th data-bbox="1283 495 1444 556">% to CIE Sales of CY2021</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 651 496 747">a.</td> <td data-bbox="496 651 837 747"><b>Aggregate Amount to be transferred to Cash Pool Account (€ Million Per Year)</b></td> <td data-bbox="837 651 943 691">185</td> <td data-bbox="943 651 1129 691">19%</td> <td data-bbox="1129 651 1283 691">140%</td> <td data-bbox="1283 651 1444 691">6%</td> </tr> <tr> <td data-bbox="448 747 496 844">b.</td> <td data-bbox="496 747 837 844"><b>Aggregate Amount to be drawn from Cash Pool Account (€ Million Per Year)</b></td> <td data-bbox="837 747 943 788">160</td> <td data-bbox="943 747 1129 788">17%</td> <td data-bbox="1129 747 1283 788">121%</td> <td data-bbox="1283 747 1444 788">5%</td> </tr> <tr> <td data-bbox="448 844 496 885">c.</td> <td data-bbox="496 844 837 885"><b>Max Outstanding Payable</b></td> <td data-bbox="837 844 943 885">30</td> <td data-bbox="943 844 1129 885">3%</td> <td data-bbox="1129 844 1283 885">23%</td> <td data-bbox="1283 844 1444 885">1%</td> </tr> <tr> <td data-bbox="448 885 496 923">d.</td> <td data-bbox="496 885 837 923"><b>Max Outstanding Receivable</b></td> <td data-bbox="837 885 943 923">40</td> <td data-bbox="943 885 1129 923">4%</td> <td data-bbox="1129 885 1283 923">30%</td> <td data-bbox="1283 885 1444 923">1%</td> </tr> </tbody> </table> <p data-bbox="448 933 1489 999">*The Company's consolidated sales are presented in INR. To calculate the % above, average conversion rate of CY2021 is used which is Euro 01 = INR 87.44</p>		Approval sought for	€ Million	% to the Company's Annual Consolidated Sales of CY2021	% to Galfor Sales of CY 2021	% to CIE Sales of CY2021	a.	<b>Aggregate Amount to be transferred to Cash Pool Account (€ Million Per Year)</b>	185	19%	140%	6%	b.	<b>Aggregate Amount to be drawn from Cash Pool Account (€ Million Per Year)</b>	160	17%	121%	5%	c.	<b>Max Outstanding Payable</b>	30	3%	23%	1%	d.	<b>Max Outstanding Receivable</b>	40	4%	30%	1%
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d.	<b>Max Outstanding Receivable</b>	40	4%	30%	1%																										
Details of the source of funds in connection with the proposed transaction	The Source of funds for Cash Pooling Arrangement is Cash generated by Galfor from its operations																														
Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances, or investments (Nature of indebtedness, cost of funds, tenure)	Not applicable																														
Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security	<p>The Cash Pooling Arrangement is unsecured.</p> <p><b>Repayment Terms:</b></p> <p>(a) Payable amounts by Galfor (i.e. when borrowing) are due on 31<sup>st</sup> December 2024 with a one year prior notice.</p> <p>(b) Receivable amounts to Galfor (Loan made) can be called back by Galfor at any time.</p> <p>Other details are already provided hereinabove.</p>																														
If the transaction relates to any loans, inter-corporate deposits, advances, or investments made or given by the listed entity or its subsidiary, then the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	Not applicable																														

Particulars	Remarks
A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;	Valuation report is not required. All the Transactions including under the Cash Pooling Arrangement are in the Ordinary Course of business and are at Arm's Length basis.
A summary of the information provided to the Audit Committee	All the information as provided in this table was presented to the Audit Committee

Based on the information on Related Party Transactions, summarised in this Postal Ballot Notice, omnibus approval granted by the Audit Committee, the Board of Directors of the Company has recommended the resolution set out at Item No. 2 for approval of the members. The Audit Committee and the Board of Directors are of the opinion that the related party transactions between Galfor and CIE shall not be detrimental to the interest of minority members and is in the best interest of the Company and its members.

The details of transaction entered into by the Company pursuant to the said approval shall be placed before the Audit Committee of the Company as per requirements of the Listing Regulations and shall remain within the limits as approved by the members. Any subsequent material modifications in the proposed transactions, as defined by the Audit committee, which forms part of the Policy, shall be placed before the members for approval, in terms of Regulation 23(4) of the Listing Regulations.

The approval of the members of the Company shall be valid for a period of one year. The Company shall seek fresh approval of the members, if required as per the Applicable Laws in force at the relevant time, of the members for the Material Related Party Transaction between Galfor and CIE at the Annual General Meeting of the Company to be held in calendar year 2023 and every year thereafter as may be required.

**Pursuant to Regulation 23 of the Listing Regulations, members may also note that no related party of the Company shall vote to approve the resolution at Item No. 2 whether the entity is a related party to the particular transaction or not. Accordingly, no Member of the Company being a Related Party of the Company as per the Listing Regulations shall vote to approve the said resolution.**

None of the Directors, Key Managerial Personnel or their relatives are interested or concerned, financially or otherwise in the Resolution set out at Item No. 2. However, Mr. Ander Arenaza and Mr. Jesus Maria, Directors of the Company are in whole-time employment of CIE. Further, Mr. Jesus Maria and Mr. S.P. Shukla Directors of the Company are also Directors of CIE. Hence, they may be concerned or interested in the resolution to the extent of their Directorship, employment or shareholding in CIE as may be applicable.

The Board recommends the Ordinary resolution set out at Item No. 2 of the Notice for approval of the Members.

By Order of the Board  
**For Mahindra CIE Automotive Limited**

**Pankaj V. Goyal**  
Company Secretary and Compliance Officer  
Membership Number – A 29614

Pune, 25<sup>th</sup> April, 2022

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