



POLICY ON RELATED PARTY TRANSACTIONS **REVISED**

(Pursuant to Regulation 23(1) of the SEBI (LODR) Regulations, 2015)

1. INTRODUCTION

The Board of Directors (the “Board”) of Tilaknagar Industries Ltd. (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions (“RPT”) as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. OBJECTIVE

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“SEBI LODR”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

3. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

“**Associate Company**” means any company which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of SEBI LODR and Companies Act, 2013 as amended from time to time.

“**Board of Directors**” or “**Board**” means the Board of Directors of Tilaknagar Industries Ltd. as constituted/re-constituted from time to time.

“**Company**” means Tilaknagar Industries Ltd.

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

“Key Managerial Personnel” means Key Managerial Personnel as defined under the provisions of the Companies Act, 2013 from time to time.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations.

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

“Relative” shall have the same meaning as assigned to such term under the Companies Act, 2013 read with Regulations 2(zd) of the Listing Regulations, as in force from time to time.

“Related Party” means an entity considered as a related party under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards.

Provided that:

(a) any person or entity forming part of the promoter or promoter group of the listed entity irrespective of their shareholding; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

“Related Party Transaction” means transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged. A “transaction” with a related party shall be constructed to include single transaction or a group of transactions in a contract.

The RPT shall include transactions between –

a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand;

b. the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries w.e.f. April 1, 2023.

“Material Modifications” means any subsequent modification(s) to an approved related party transaction(s) which individually or taken together with previously approved transactions with the same related party, during the financial year results into change in the volume or value of the said transaction(s) by 40 or more.

“Senior Management” mean officers/personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the Board) and specifically including Company Secretary and Chief Financial Officer.

“Subsidiary” means existing or future Subsidiaries of the Company.

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 shall have the meaning assigned to them therein.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

All Related Party Transactions where the Company is a party to such transactions, must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

4.1 Identification of Related Party Transactions

Every Director and Key Managerial Personnel of the Company shall disclose to the Company, details of all their relatives, firms/body corporates and their corresponding interests therein, that may fall within the definition of a "Relative"/ "Related Party" (*vis-à-vis* the Company) on an annual basis and shall also disclose to the Company, any changes in the above details immediately on becoming aware of such changes.

It shall be responsibility of every Director and/or Key Managerial Personnel of the Company to take prior approval of the Committee/Board/Shareholders as the case may be before entering into any Related Party Transaction. For this purpose, the Director and/or Key Managerial Personnel of the Company shall give notice to the Company Secretary of any Related Party Transaction proposed to be entered by them along with the details, if any, which are required to be placed before the Committee/ Board/ Shareholders as the case may be in accordance with the provisions of the Companies Act, 2013 and/or Listing Regulations.

Senior Management shall also make disclosures to the Company Secretary relating to all material, financial and commercial transaction, where they have personal interest that may have a potential conflict with the interest of the Company at large.

The Committee/ Board may undertake an independent assessment of transactions proposed to be executed by the Company in order to ascertain whether the same are proposed to be executed with Related Parties.

4.2 Review And Approval Of Related Party Transaction

A) Approval of Audit Committee

Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee.

Only members of the Audit Committee, who are independent directors, shall approve related party transactions.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI LODR as amended from time to time.

The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Prior approval of the Audit Committee shall be required for

- a. All RPTs and subsequent Material Modifications;

- b. RPTs where Company's subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company.
- c. with effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of such subsidiary.

Provided that prior approval of the Audit Committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.
- To review a Related Party Transaction, the Committee shall be provided with the necessary information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time, to the extent relevant, with respect to actual or potential Related Party Transactions.
- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

B) Approval of the Board and the Shareholders

All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

C) Approval of Shareholders

All related party transactions which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed below shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

Transactions that require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows:

As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below –

- Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- Leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

These limits shall, however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.

All the Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Board and shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

Provided that the aforesaid requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

Provided that the provisions pertaining to:

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and

- Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

D) Transactions which do not require approval

- 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 including following:
 - 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 Company 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.
- Any transaction and/or modification that involves providing of reimbursements or advances to a Director and/or Key Managerial Personnel to meet expenditure in the course of performance of his or her duties;
- Any transaction and/or modification 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; and
- Any other transaction and/or modification that may be exempt under the provisions of the Companies Act, 2013, Rules made there under and the Listing Regulations.

5. Related Party Transactions not approved under this Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

6. Disclosures

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report
- Material RPTs shall be provided in the notice to shareholders
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall submit enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:
 - i. within 15 days from the date of publication of financials;
 - ii. simultaneously with the financials w.e.f. April 1, 2023 and also publish the same on its website.
- The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

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

7. Policy Review

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI LODR.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI LODR or any other regulations ("the Regulations") which make any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

[This Policy is lastly amended as per the recommendations of the Audit Committee meeting held on May 30, 2022 and approved by the Board of Directors at its meeting held on May 30, 2022.

Place: Mumbai
Date : May 30, 2022

**By order of the Board
For Tilaknagar Industries Ltd.**

**Sd/-
Amit Dahanukar
Chairman & Managing Director**