

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH  
RELATED PARTY TRANSACTIONS**

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**1. BACKGROUND**

This Policy shall be called the Policy on materiality of Related Party Transactions and dealing with Related Party Transactions (“**Policy**”).

**2. OBJECTIVE**

- (a) Related Party Transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations require the companies to have enhanced transparency and due process for approval of the Related Party Transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations require the Company to formulate a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved

by the Board and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

- (b) Accordingly, the Board of Directors of the Company has adopted this Policy with regard to Related Party Transactions.
- (c) The Audit Committee of the Company will review this Policy from time to time and propose any modifications to the Board for approval.

## 2. APPLICABILITY

This Policy applies to TBO Tek Limited (“**Company**”). The Policy shall become effective from November 24, 2021.

## 3. DEFINITIONS

Term	Definition
<b>Arm's Length Transaction</b>	Arm’s length transaction shall mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
<b>Audit Committee</b>	Audit Committee shall mean the Audit Committee of the Board of Directors of the Company.
<b>Board</b>	Board shall mean the Board of Directors of the Company.
<b>Company</b>	Company shall mean TBO Tek Limited.
<b>Companies Act</b>	Companies Act shall mean the Companies Act, 2013 as amended from time to time.
<b>Key Managerial Personnel</b>	Key Managerial Personnel shall have the meaning ascribed to it under the Companies Act and includes:  (a) Managing Director, or Chief Executive Officer or Manager;

	<p>(b) the Whole Time Director;</p> <p>(c) Company Secretary;</p> <p>(d) Chief Financial Officer;</p> <p>(e) such other officer, not more than one level below the Directors who are in whole-time employment, designated as key managerial personnel by the Board.</p> <p>(f) such other officer as may be prescribed.</p>
<b>Material Related Party Transaction</b>	<p>Material Related Party Transaction shall mean if a related party transaction which individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.</p>
<b>Ordinary Course of Business with reference to a transaction with a Related Party</b>	<p>Ordinary Course of Business with reference to a transaction with a Related Party shall mean a transaction which is:</p> <p>(a) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;</p> <p>(b) meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.</p>
<b>Related Party in relation to the Company</b>	<p>Related Party in relation to the Company shall mean a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act or under applicable accounting standards. This is</p>

	subject to the proviso in section 2(zb), SEBI LODR Regulations 2015.
<b>Related Party Transaction</b>	<p>Related Party Transaction shall mean a transfer of resources, services or obligations between:</p> <ul style="list-style-type: none"> <li>(i) 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; or</li> <li>(ii) 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</li> </ul> <p>regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.</p>
<b>Relative</b>	<p>Relative shall mean any person as per Section 2(77) of the Companies Act and rules prescribed thereunder and as per Regulation 2(1) (zd) of the SEBI Listing Regulations as amended from time to time, means anyone who is related to another, if:</p> <ul style="list-style-type: none"> <li>(a) They are members of a Hindu Undivided Family; or</li> <li>(b) They are husband and wife; or</li> <li>(c) One person is related to another in the following manner, namely: <ul style="list-style-type: none"> <li>- Father, including step-father;</li> <li>- Mother, including step-mother;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- Son, including step-son;</li> <li>- Son's wife;</li> <li>- Daughter;</li> <li>- Daughter's husband;</li> <li>- Brother, including step-brother; and</li> <li>- Sister, including step-sister.</li> </ul>
<b>SEBI Listing Regulations</b>	SEBI Listing Regulation shall mean the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.

#### **4. INTERPRETATION**

- (a) Any word used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.
- (b) The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.
- (c) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

#### **5. APPROVAL OF RELATED PARTY TRANSACTIONS**

##### **A. AUDIT COMMITTEE**

All Related Party Transactions or any subsequent material modifications therein, shall require prior approval of the Audit Committee of the Company. Only those members of the Audit Committee who are independent directors shall approve the Related Party Transaction. The

Audit Committee shall define “material modifications” and disclose it. Further, prior approval of the Audit Committee will be required where:

- i. a related party transaction to which the subsidiary of the Company 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 consolidated turnover, as per the last audited financial statements of the Company; and
- ii. a related party transaction to which the subsidiary of the Company 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 the subsidiary.

Prior approval of the Audit Committee of the Company shall not be required in case of a related party transaction to which the listed subsidiary is a party but the Company is not, in accordance with SEBI listing regulations. In case of unlisted subsidiaries of the listed subsidiary, prior approval of the audit committee of the listed subsidiary shall suffice.

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the SEBI Listing Regulations and this Policy. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- (a) The Audit Committee shall lay down the criteria as approved by the Board of the Company for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company;
- (c) Such omnibus approval shall specify

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

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1,00,00,000 (Indian Rupees One Crore only) per transaction.

- (d) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

#### **B. BOARD OF DIRECTORS**

Related Party Transactions which are not in the ordinary course of business or which is in the ordinary course of business but not on an arm's length basis shall require prior approval of the Board through a resolution passed at the meeting of the Board.

- (a) Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- (b) The Board of Directors shall review, approve and recommend to the Shareholders for their approval, all Material Related Party Transactions and such transactions as required to be approved by shareholders of the Company in terms of Section 188(1) of the Act and the SEBI Listing Regulations.

#### **C. SHAREHOLDER APPROVAL**

- (a) All material Related Party Transactions and any subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would

not be applicable for a Related Party Transaction where the listed subsidiary is a party but the Company is not, in accordance with SEBI listing regulations. Additionally, it would also not be applicable in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- (b) If a Related Party Transaction is not in the ordinary course of business, or which is in the ordinary course of business but not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act and rules made thereunder (including any amendment(s) thereto or re-enactment thereof for the time being in force), it shall require shareholders' approval by a resolution.
- (c) The Related Parties which may be related in the context of the Related Party Transaction for which the resolution is being passed and all other entities falling under the definition of related parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders. However, the shareholders' approval is not required for the transactions entered into between the Company and its subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

#### **6. PROCESS OF DEALING WITH RELATED PARTY TRANSACTIONS**

- (a) A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.
- (b) The contract/arrangement shall not be entered into without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contractor arrangement.

#### **7. DISCLOSURE OF RELATED PARTY TRANSACTIONS**

- (a) Every contract or arrangement which shall be entered into pursuant to Section 188(1) of the Companies Act shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.



- (b) The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- (c) The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.
- (d) The Company shall submit within 30 (Thirty) 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.

## **8. AMENDMENTS**

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once every 3 (Three) years and updated accordingly. Any subsequent amendment/modification in the Act or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.