



RELATED PARTY TRANSACTION POLICY OF TALBROS AUTOMOTIVE COMPONENTS LIMITED

1 INTRODUCTION

The Policy maybe called as the '**Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions**' ("Policy").

2 PURPOSE AND SCOPE

The Policy is framed in accordance with and to comply with the provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations") and amendments thereof.

The Policy has been recommended by the Audit Committee and approved by the Board of Directors ("Board") of Talbros Automotive Components Limited ("Company") and is applicable w.e.f. August 9, 2022.

The Board shall review the Policy once in three years and may amend the same from time to time.

3 DEFINITIONS

- i. "**Act**" means Companies Act, 2013 and Rules made thereunder, as amended from time to time.
- ii. "**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.
- iii. "**Associate Company**" shall mean "Associate Company" as defined in Section 2 (6) of the Companies Act, 2013.
- iv. "**Material Modification**" means any subsequent change to an existing RPT, having variance of 20% of the existing limit or Rs. 10 crores, whichever is lower.
- v. "**Material RPT**" means an RPT with thresholds as prescribed under the Listing Regulations.
- vi. "**Ordinary course of business**" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

4 PROCEDURE

i. Identification of Related Party

- a) On the basis of criteria prescribed under the Act and/or SEBI (LODR) Regulations, 2015, and also per the declarations/disclosures furnished by Directors and Key Managerial Personnel, the list of Related Parties shall be compiled, and the same shall be updated from time to time.
- b) RPTs and their subsequent material modifications will be brought to management's and the Board's attention. Each of our Directors and executive officers are instructed and periodically reminded to inform the office of the Company Secretary about any potential RPTs and their subsequent material modifications. In addition, each Director gives annual disclosures designed to elicit information about any potential RPTs and their subsequent material modifications.
- c) Any potential RPTs are analysed by Finance Department, in consultation with management and with outside counsel, if required; to determine whether the transaction or relationship does, in fact, constitutes a RPT requiring compliance with this Policy.

ii. Review and approval of RPTs

Audit Committee Approval

Unless otherwise provided in the Act and SEBI (LODR) Regulations, 2015, all Related Party Transactions and their subsequent material modifications shall require prior approval of the Audit Committee and only Independent Directors who are members of Audit Committee can approve RPTs.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.

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

Basis this, the Audit Committee could either approve or reject a proposed Related Party Transaction. It is clarified that any modification/ renewal of an existing Related Party Transaction shall also require prior approval of Audit Committee.

The Audit Committee shall grant omnibus approval for Related Party Transactions subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification, in exceptional cases.

Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each omnibus approval.

Board's Approval

Unless the transactions are failing either of the two tests -- ordinary course of business and arm's length basis, the transactions are not taken to the Board of Directors.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Shareholders' Approval

Where a proposed Related Party Transaction is 'Material Related Party Transaction' or such other case as the Board may deem fit, it shall require prior approval of the shareholders and all Related Parties shall abstain from voting, irrespective of whether they are party to the particular transaction or not.

Such omnibus shareholders' approval for material RPTs taken in an Annual General Meeting ("AGM") shall be valid upto the date of the next AGM. In case of approval taken in General Meetings other than AGMs, the validity of such approvals is valid till next AGM.

5 MATERIALITY OF RPTs

Unless otherwise provided in SEBI (LODR) Regulations, 2015, a transaction with a Related Party shall be considered material if-

- i. the transaction(s) to be entered into 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 or such other limit as may be specified in the applicable Regulation as amended from time to time; and/or

- ii. a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, or such other limit as may be specified in the applicable Regulation as amended from time to time.

6 LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

7 GENERAL PRINCIPLES

Group CFO is authorized to issue guidelines/ instructions for implementation of the Policy from time to time and his interpretation on the policy shall be final.

8 DISCLOSURE OF RPTs

- i. Particulars of RPTs shall be disclosed in such manner as may be prescribed under SEBI (LODR) Regulations, 2015 and/ or the Companies Act, 2013 (including rules made thereunder), from time to time.
- ii. The Company shall host the Policy on its website and a web-link thereto shall be provided in the Annual Report.
- iii. The Policy will be hosted on the intranet for dissemination of contents thereof, to concerned persons.