



TALBROS AUTOMOTIVE COMPONENTS LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

1 OBJECTIVE

- 1.1 This Policy may be called the '*Policy on materiality of and dealing with Related Party Transactions*' (hereinafter referred to as 'the Policy').
- 1.2 The Policy is framed in accordance with and to comply with the provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred to as '**SEBI (LODR) Regulations, 2015**)
- 1.3 The Policy has been recommended by the Audit Committee (hereinafter referred to as '**the Audit Committee**') and approved by the Board of Directors (hereinafter referred to as '**the Board**') of Talbros Automotive Components Limited (hereinafter referred to as '**the Company**') at their respective meetings held on May 29, 2019, and is applicable w.e.f. April 01, 2019.
- 1.4 All existing policy(ies) issued by the Company on the subject, stands superseded by the Policy.

2 DEFINITIONS

- 2.1 "**Act**" means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- 2.2 "**Arm's Length Transaction**" to means as defined under Companies Act, 2013 a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 2.3 "**Audit Committee**" means the committee of Directors constituted u/s 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- 2.4 "**Board**" means the Board of Directors of the Company.
- 2.5 "**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 2.6 "**Key Managerial Personnel**" means the person(s) appointed as such under Section 203 of the Act and/or person(s) covered under applicable Accounting Standard.
- 2.7 "**Related Party**" shall have the meaning ascribed to the term in Regulation 2(1)(zb) of the SEBI (LODR) Regulations, 2015.
- 2.8 "**Related Party Transaction**" shall have the meaning ascribed to the term in Regulation 2(1)(n) of the SEBI (LODR) Regulations, 2015 and/or Section 188 of the Act, as amended from time to time.

3 PROCEDURE

3.1 Identification of Related Party

- 3.1.1 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, which shall be updated from time to time.
- 3.1.2 Related Party Transactions 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 Related Party Transactions. In addition, each Director gives annual disclosures designed to elicit information about any potential Related Party Transactions.
- 3.1.3 Any potential Related Party Transactions 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 Related Party Transaction requiring compliance with this Policy.

3.2 Review and approval of Related Party Transactions

- 3.2.1 Unless otherwise provided in the Act and SEBI (LODR) Regulations, 2015, all Related Party Transactions shall require prior approval of the Audit Committee.
- 3.2.2 The Audit Committee shall be provided all relevant and material information on proposed Related Party Transactions, including the terms thereof, business case, justification of arm's Length terms etc. 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.
- 3.2.3 The Audit Committee may grant omnibus approval to one or more proposed Related Party Transactions, which are of repetitive nature and where exact volume or price of the transaction Cannot be ascertained at the time of approval

The omnibus approval shall be subject to the following conditions:-

- a) The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- b) Such omnibus approval shall specify (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that shall 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, Audit Committee may grant omnibus approval for such transactions subject to the transaction value not exceeding Rs. 1 Crore per transaction.

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

- 3.2.4 Where a proposed Related Party Transaction is 'Material Related Party Transaction' in terms of Clause 4.1 herein below, it shall also 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.
- 3.2.5 Where a proposed Related Party Transaction is not in the ordinary course of business of the Company and/ or on arm's length basis; and also exceeds the limits set-out in Rule 15(3) of Companies (Meeting of Board and its Powers) Rules, 2014, prior approval of the shareholders shall be sought; and all Related Parties (in the context of that particular contract or arrangement) shall abstain from voting.
- 3.2.6 In the event the Audit Committee decides to put up a Related Party Transaction before the Board, or if the Board *suo-moto* elects to review any Related Party Transaction or it is mandatory for the Board to accord prior approval of the particular Related Party Transaction under the Act and/ or SEBI (LODR) Regulations, 2015, then the process set forth in Clause 3.2.2 above shall apply *mutatis-mutandis* to the process of review/ approval by the Board, subject to such exceptions as may be necessary or appropriate under the circumstances.
- 3.2.7 The Related Party Transactions entered into by the Company shall be subject to *post-factoreview* by the Audit Committee on quarterly basis.

4 MATERIALITY OF RELATED PARTY TRANSACTIONS

- 4.1 Unless otherwise provided in SEBI (LODR) Regulations, 2015, a transaction with a Related Party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5 RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

- 5.1 In the event the Company becomes aware of any Related Party Transaction that has not been approved under the Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the said Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take such action as it deems appropriate.

6 GENERAL PRINCIPLES

- 6.1 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.

7 DISCLOSURE OF RELATED PARTY TRANSACTIONS

- 7.1 Particulars of Related Party Transactions 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.
- 7.2 The Company shall host the Policy on its website and a web-link thereto shall be provided in the Annual Report.
- 7.3 The Policy will be hosted on the intranet for dissemination of contents thereof, to concerned persons.