



**THEJO ENGINEERING LIMITED**

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**POLICY ON RELATED PARTY TRANSACTIONS**

## 1. Preamble

Thejo Engineering Limited (“the Company” or “Thejo”) is governed, *inter alia*, by the Rules and Regulations framed by Securities Exchange Board of India (“SEBI”).

Considering the requirements for approval of related party transaction as prescribed under the Companies Act, 2013 read with applicable rules framed thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“the SEBI (LODR) Regulations” or “the Listing Regulations”), as amended, the Company has formulated this policy for identification of related parties, materiality of related party transactions, manner of dealing with related party transactions and other related aspects (“the Policy”/“this Policy”).

## 2. Objective

The objective of this Policy is to set out:

- a) the materiality thresholds for Related Party Transactions and
- b) the manner of dealing with the transactions between the Company and its Related Parties.

## 3. Definition

3.1 “**Audit Committee or Committee**” means the Audit Committee of the Board constituted in accordance with Section 177 of the Act and provisions of the SEBI (LODR) Regulations.

3.2 “**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.

3.3 “**Board**” or “**Board of Directors**” means collective body of Directors of the Company.

3.4 “**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.

3.5 **“Ordinary Course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations activities and includes all such activities which the Company can undertake as per its Memorandum of Association and the Articles of Association. The Board and the Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other practices and guidelines.

3.6 Words and expressions used in this Policy but not defined herein shall have the same meaning as defined under the Companies Act 2013 and the rules framed thereunder, Listing Regulations and/ or any other applicable law or regulations, as deemed appropriate in the given context.

#### **4. Criteria for determination of Material Related Party Transaction**

4.1 A transaction with a Related Party is considered material, if the said transaction, which individually or taken together with previous transactions during a financial year, exceeds Rs.1,000 crores or 10% of the consolidated annual turnover of the Company, as per last audited financial statements of the Company, whichever is lower.

4.2 Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

#### **5. Guidelines for approval of RPT**

##### **A. Audit Committee:**

5.1 All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company in the manner specified under the Listing Regulations. However, only those members of the Audit

Committee, who are independent directors, shall approve related party transactions.

5.2 A Related Party Transaction to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company 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 that subsidiary.

5.3 Prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to which a listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to herein, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

5.4 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.

5.5 The Audit Committee may grant omnibus approval in respect of Related Party Transactions which are repetitive in nature subject to conditions as mentioned under Regulation 23(3) of the Listing Regulations and criteria as laid down by the Committee in line with this Policy.

While granting the omnibus approval, the Audit Committee shall satisfy itself regarding the need for omnibus approval and the requirement of such approval in the interest of the Company. Such omnibus approval shall specify the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions, indicative base price/current contracted price, formula for any variation in price and such other conditions as deemed fit by the Committee.

In cases where the need for related party transaction cannot be foreseen and the details to be specified under the omnibus approval as per Regulation 23(3) of the Listing Regulations are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees one crore per transaction.

Any omnibus approval as aforesaid shall be valid for a period not exceeding one year and fresh approval would be required after the expiry of one year or such shorter period for which the approval was granted.

5.6 The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions thereof, entered into by the Company pursuant to the omnibus approval. While reviewing the Related Party Transactions, the Committee has the authority to modify or waive any procedural requirements stipulated under this Policy.

5.7 If a Related Party Transaction is entered into by the Company without the prior approval of the Audit Committee/ omnibus approval or a Related Party Transaction requiring the approval of the Audit Committee of the Company is entered into by its subsidiary without such prior approval, such transactions shall be placed before the Audit Committee for its ratification.

5.8 A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of the Shareholders, as detailed in subsequent paragraphs.

**B. Board:**

5.9 A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price shall require the approval of the Board by a resolution passed at a Meeting of the Board. The Board may consider the nature of transaction, material terms, business rationale, etc. while considering such Related Party Transaction for approval.

5.10 Any Director 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.

**C. Shareholders:**

5.11 (i) A Material Related Party Transaction and subsequent Material Modifications thereto or (ii) a Related Party Transaction that is not in the ordinary course of business, or not at arm's length price, and exceeding the thresholds prescribed under the Companies Act, 2013, shall require prior approval of the Shareholders through resolution. No Related Party, irrespective of whether related to the particular transaction, shall vote to approve such resolutions.

Prior approval of the Shareholders of the Company shall not be required for a Related Party Transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to herein, the prior approval of the Shareholders of the listed subsidiary shall suffice.

The requirement of prior approval of the Shareholders as aforesaid shall not apply in the case of a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5.12 The aforementioned approval requirements of the Audit Committee and the Shareholders shall not be applicable in the case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries of a listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5.13 In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its

consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

## **6. Disclosure**

6.1 As prescribed under the Listing Regulations, this Policy (as amended from time to time) shall be disclosed on the Company's website and a web link thereto shall be provided in the annual report in line with prevailing statutory requirements..

6.2 Appropriate disclosures relating to the details of Related Party Transactions, as required under the provisions of Companies Act, 2013, Listing Regulations and any other applicable laws, shall be made to the Stock Exchanges in the prescribed format within specified time period and the same shall be published on the website of the Company as stipulated in the Listing Agreement.

## **7. Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and any applicable law/regulation, such law/regulation shall prevail over this Policy.

The Board of the Company may amend or modify this Policy in whole or in part, at any time as it may deem necessary or pursuant to (i) the amendments to the Companies Act, 2013; (ii) the Listing Regulations; and (iii) further guidelines and enactments that are issued by the Securities and Exchange Board of India from time to time.

Any amendment / modification in the Listing Regulations and/or applicable laws in respect of the subject matter of this Policy shall automatically apply to this Policy.

## **8. Review of Policy**

The contents of this Policy shall be reviewed, at least once in every three years or such other period as provided in the Listing Regulations and updated accordingly.



This Policy was approved by the Board at its Meeting held on 25<sup>th</sup> May 2023.