

**TAAL TECH LIMITED**  
**(FORMERLY KNOWN AS TAAL ENTERPRISES LIMITED)**

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

❖ **Preamble**

This policy is formed as a part of Corporate Governance Framework as per requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI (LODR) Regulations, 2015') as amended from time to time and also in terms of Section 188 of the Companies Act, 2013 and the rules made thereunder.

❖ **Purpose:**

1. To regulate transactions between the Company and its Related Parties with a view to ensure that such transactions are executed on an arm's length basis and in a transparent and fair manner.
2. To seek necessary approvals of the Audit Committee/Board/shareholders as may be necessary, after providing necessary information to them in the prescribed manner.
3. To outline the procedures for identification, review, approval, disclosure and reporting of such transactions.

❖ **Terms and References**

**a. Related Party** in relation to the Company means related party as defined under 2(1)(zb) of the SEBI Listing Regulations as amended from time to time

**b. Related Party Transaction** "Related Party Transaction" means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

**c. Related Party Transaction(s) of the Company** Related Party Transaction(s) where the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party.

**d. Related Party Transaction(s) of the Subsidiary** Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party but the Company is not a party.

**e. Material Related Party Transaction** Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed lower of rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum or limit as may be prescribed under the Listing Regulations.

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(s) to be entered 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.

**f. Material modification** will mean and include any modification to an existing related party transaction having variance of 10% of the existing limit as sanctioned by the Audit Committee/ Board / Shareholders, as the case may be.

**g. Subsidiary** “Subsidiary” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 (‘Act’).

**h. 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.

**i. Transactions in Ordinary Course of Business** shall mean transaction which /wherein:

- a. is carried out in the normal course of business envisaged in accordance with the objects mentioned in the Memorandum of Association (MOA) of the Company
- b. is as per historical practice with a pattern of frequency, or
- c. is in connection with the normal business carried on by the Company, or
- d. is a common commercial practice in business/market/industry or
- e. income, if any, earned from such transaction is assessed as business income in the Company's books of accounts and hence is a business activity. or
- f. meets any other parameters/criteria as decided by the Board/Audit Committee

**j Transaction** shall be construed to include single transaction or a group of transactions in a contract;

Any other terms and references not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation, amended from time to time.

#### ❖ **Interpretation:**

**a.** Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the 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.

#### ❖ **Policy:**

All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations, the applicable Accounting Standards and other applicable laws, as amended from time to time.

**I.** The Company shall not enter into any related party transactions and subsequent material modifications without the prior approval of the Audit Committee of the listed entity unless the transaction /contract/ arrangement enjoys any exemption as provided under the Companies Act,

2013 or Rules made there under or under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) 2015.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent (10%) of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

c) with effect from 1st April 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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;

d) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

## **II. Omnibus Approval:**

a) The Audit Committee may grant omnibus approval for Related Party Transaction proposed to be entered into by the company or its subsidiary, subject to the conditions as stated under Regulation 23(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. Such approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

b) The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.

c) If any material information with respect to such transactions shall change subsequent to the Audit Committee's review of such transactions, management shall provide the Audit Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Audit Committee

## **III. All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.**

#### **IV. Ratification of RPT's:**

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it."

#### **V. Exemptions from Approval of RPT's:**

The related party transactions/ material related party transactions between:

- I. The Company and its Wholly Owned Subsidiaries whose accounts are consolidated with Company and placed before the shareholders at general meeting for approval
- II. The transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- III. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

do not require prior approval of audit committee, omnibus approval and approval of shareholders.

#### **VI. Disclosures**

- I. Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- II. The Related Party Transactions shall be submitted to the stock exchanges on half-yearly basis in accordance with the prevailing Regulation followed by its publication on the website of the Company,

in the format as specified by the governing authorities from time to time as on the date of publication of its Standalone and Consolidated Financial Results.

III. The contract or arrangements entered into with the Related Parties shall be disclosed in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.

IV. This Policy shall be disclosed on the Company website and a web link thereto shall be provided in the Annual Report.

V. Provided further that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure, provided that the same is not material in terms of the provisions of regulation 23 (1) of this Listing regulation.

#### ❖ **Administrative Measures**

a. The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party(ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned.

b. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee. The Chief Financial Officer and Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned.

c. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower / Speak up Policy of the Company.

#### ❖ **Amendments**

i. 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.

ii. Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

#### ❖ **Review**

The Policy shall be reviewed by the Board at least once every three years and updated accordingly.