

**TATA INDUSTRIES LIMITED****ABRIDGED VERSION OF THE POLICY ON RELATED PARTY TRANSACTIONS****1) SCOPE AND PURPOSE OF THE POLICY**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed thereunder, Tata Industries Limited has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In addition to the above, Tata Industries Limited, though not required under the Act, has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company. Going forward, the Board would review and amend the Policy, as and when required.

**2) ABOUT THE COMPANY**

Tata Industries Limited (TIL) is a company incorporated under the Companies Act, 1913 and is an unlisted public company under the Companies Act, 2013 which carries on the business of an investment-holding company engaged in the promotion of new business ventures. It is one of the main promoter companies of the House of Tata.

From April 2012 onwards, TIL is categorized as a Core Investment Company by the Reserve Bank of India (RBI) on account of its investments and loans being made prominently to group companies. Until then, it was registered with RBI as a Non-Banking Financial Company.

Apart from functioning as a promoter of new ventures and an investment-holding company, TIL currently has two Operating Divisions as under:

- a. Tata Strategic Management Group (“TSMG”) provides management/ strategic consultancy services to various clients within and outside the Tata Group.
- b. Tata Insights & Quants (“TIQ”) which has set up a platform for providing data analytics services for various Tata Group companies, across industries.

**3) OBJECTIVE OF THE POLICY**

The objective of this Policy is to set out the manner of dealing with the transactions between the Company and its related parties based on the provisions of the Act read with the Rules framed there under. It will be applicable to HO and all the existing and new Divisions, if formed during the year.

**4) DEFINITIONS**

- Arm’s Length Price ‘ALP’ means price at which a transaction between 2 related parties is conducted as if they are unrelated, so that there is no conflict of interest.
- Ordinary Course of Business (OCB) means a transaction which is:
  - Carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MOA) of the Company as amended from time to time, including transactions which are entered into in the normal course of the business pursuant to or for promoting or in furtherance of the company’s business objectives or;
  - Historical practice with a pattern of frequency; or

- Common commercial practice, or meets any other parameters / criteria as decided by the Board.
- “Related Party” will have the same meaning as defined under Section 2(76) of the Act as amended from time to time.  
Reference and reliance may be placed on the classification issued by the Ministry of Corporate Affairs, RBI, SEBI and other Authorities from time to time on the interpretation of the term “Related Party”
- “Related Party Transactions (RPTs)” means all transactions between the Company on one hand and one or more related parties on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act as amended.
- “Board of Directors or Board” means the collective body of the Directors of the Company.
- “Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act as may be amended from time to time.
- “Transaction” shall be construed to include single transaction or group of transactions in a contract.

## 5) FRAMEWORK FOR SEEKING APPROVAL OF RELATED PARTY TRANSACTIONS

Tata Industries Limited has defined the broad framework for RPTs and the Omnibus approval is granted for related party transactions by the Board of Directors stipulating the related parties vis-à-vis capping limits.

## 6) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

### a) Identification of related parties

Tata Industries Limited has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under.

### b) Identification of related party transactions

Tata Industries Limited has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act. Tata Industries Limited has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm’s length basis and for this purpose, the Company seeks external professional opinion, if necessary.

### c) Procedure for approval of related party transactions

- Approval of the Audit Committee/ Board

All related party transactions falling below the thresholds prescribed, repetitive in nature and in the interest of the Company fall under the purview of omnibus approval granted to such transactions valid for financial year beginning April 1, 2023 and will not require specific approval of the Audit Committee/ Board and will be deemed to have been approved by the Audit Committee/ Board.

All related party transactions above the thresholds prescribed in the policy will require approval of the Audit Committee/ Board.

All related party transactions other than the ones covered by this policy, will require approval of the Audit Committee/ Board.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents and/or seek the

following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
  - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
  - third party comparables, valuation reports, price publications including stock exchange quotations;
  - management assessment of pricing terms and business justification for the proposed transaction;
  - comparative analysis, if any, of other such transaction entered into by the Company.
- Approval of the Board of Directors of the Company  
As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Approval of the Shareholders of the Company  
All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

## 7) DISCLOSURES

TIL shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in the ordinary course of business nor on arm's length basis along with the justification for entering into such transaction.

## **8) COMPLIANCE**

The Internal Auditors will ensure that transactions with related parties are carried out in compliance with this Policy and periodically report on the same to the Audit Committee/ Board.

## **9) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the transaction shall be reviewed by the Audit Committee/ Board. The Audit Committee/ Board shall consider all of 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 related party transaction. The Audit Committee/ Board shall also examine the facts and circumstances pertaining to the failure of reporting of such related party transaction to the Audit Committee/ Board under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate. In case of transactions other than transactions referred to in Section 188, it shall make its recommendations to the Board.

In any case, where the Audit Committee/ Board determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee/ Board, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee/ Board shall have authority to modify or waive any procedural requirements of this Policy.

April 1, 2023