

THAKRAL SERVICES INDIA LTD

POLICY ON RELATED PARTY TRANSACTIONS

PURPOSE

This policy is in due compliance with the requirements of the Companies Act, 2013 and the Listing Regulations. Pursuant to Regulation 23 of the Listing Regulations and in the best interests of its stakeholders. Such a policy needs to be formulated to deal with Related Party Transactions including formulating materiality of Related Party Transactions. This policy therefore lays down the mechanism to deal with Related Party Transactions.

The Board of Directors of the Company, on the recommendation of the Audit Committee, has adopted this policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company.

DEFINITION

“**Act**” means the Companies Act, 2013 (‘Act’) read with the Rules thereto including any subsequent amendments thereof.

“**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.

Pricing may not be the only determinant of a transaction being at arm’s length though it is an important factor. Therefore, the Company would apply its judgment to conclude whether a transaction can be considered as being on an arm’s length basis.

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a Whole Time Director;
- (ii) Non-executive Directors
- (iii) Chief Financial Officer; and
- (iv) Company Secretary

“**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof.

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“Material modifications” means any modifications to the related party transactions which were approved by the Audit Committee or Shareholders as the case may be, during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction, in case of exigencies only.

“Material Related Party Transactions” - 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 as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Companies Act, 2013. Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board. Transaction(s) to be entered into individually or taken together with previous transactions during a financial year, involving payment made to related party with respect to brand usage or royalty, exceeding 5% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.

“Ordinary course of business” - The term ordinary course of business is not defined under the Act or the Rules thereunder. Therefore, it would depend on facts and circumstances of each case. The Company would therefore exercise judgment to conclude whether a transaction can be considered to be in the ordinary course of business.

“Related Party Transaction” or **“RPT”** means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations. These include sale, purchase, leasing or supply of goods or property, availing/ rendering of any services, appointment of agents for any of these transactions, underwriting of securities and transfer of resources, services, or obligations between the Company and its related party/ies, regardless of whether a price is charged or not. The related party transactions are with the Company’s Promoters, Directors, Management, or their relatives, which could have had a potential conflict with the interests of the Company.

POLICY

I. Audit Committee

All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modifications if any of RPTs.

A. In summary, prior approval of Audit Committee is required for the following Related Party Transactions:

- i. Where Company is a party
- ii. Where subsidiary of the Company (if any) is a party, but the Company is not a party, 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 consolidated turnover, as per the last audited financial statements of the Company.
- iii. Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related parties of the Company or any of its subsidiaries.

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B. The Audit Committee shall take into account following considerations while dealing with the RPTs:-

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
- Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise); Tenure of the proposed transaction (particular tenure shall be specified); Value of the proposed transaction, The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
- Justification as to why the RPT is in the interest of the listed entity;

C. Any member of the Audit Committee who has a potential interest in any related party transaction shall abstain from discussion and voting on the approval of the related party transaction. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

II. Omnibus Approval

i. The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature:

- Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;
- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Justification for need of omnibus approval;
- Whether the transaction is at arm's length and in ordinary course of business; and
- Any other information relevant or important to take a decision on the proposed transaction.

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- ii. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Additionally, the Committee may also grant omnibus approval for RPTs of unforeseen nature not exceeding Rupees One Crore.
- iii. The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval.
- iv. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

III. Board Approval

The Board shall approve RPTs, which are not in ordinary course of business and/or not at arm's length.

Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval.

If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified by the Board within 3 months of the date of entering into contract / arrangement.

IV. Shareholders' Approval

All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and/or arm's length basis or not, shall require prior approval of the Board and shareholders through resolution, and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis, shall require prior approval of the Board and shareholders, respectively.

APPLICABILITY & AMENDMENT:

This Policy is subject to revision/amendments in accordance with the guidelines as may be issued by the Ministry of Corporate Affairs, SEBI or other regulatory authority(ies) from time to time, on the subject matter. Accordingly, the Company reserves the right to alter, modify, add, delete, or amend any of the provisions of this Policy.

In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts shall prevail over the clauses of this Policy.