



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 there under and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (“**SEBI LODR Regulations**”), Tata International Limited (“**TIL**”/ “**Company**”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Further, Regulation 23(1) of the SEBI LODR Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions (“**Policy**”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. OBJECTIVE OF THE POLICY

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, in terms of the provisions of the Act, SEBI LODR Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

- 3.1. “**Act**” means the Companies Act, 2013, read with the applicable rules made thereunder, as amended.
- 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. “**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; or
 - is as per historical practice with a pattern of frequency; or

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- is in connection with the normal business carried on by the Company; or
- the income, if any, earned from such activity/ transaction is assessed as business income in the Company's books of accounts and hence is a business activity; or
- common commercial practice; or
- meets any other parameters / criteria as decided by the Board/Audit Committee.

3.4. **"Company"** means Tata International Limited.

3.5. **"Key Managerial Personnel" or "KMP"** shall have the meaning as defined in the Companies Act, 2013.

3.6. **"Material Related Party Transactions"** shall have the same meaning as defined in Regulation 23 of the SEBI LODR Regulations.

3.7. **"Relative"** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

3.8. **"Related Party"** shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI LODR Regulations.

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term "Related Party".

3.9. **"Related Party Transaction"** shall have the same meaning as defined under Regulation 2(1)(zc) of the SEBI LODR Regulations or as envisaged in Section 188(1) of the Act.

3.10. **"SEBI LODR Regulations"** means Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.

3.11. **"Transaction"** shall be construed to include single transaction or a group of transactions in a contract.

3.12. Any other term not defined herein shall have the same meaning as defined in the Act, SEBI LODR Regulations or any other applicable law or regulation, as amended from time to time.

4. MATERIALITY THRESHOLDS

4.1. Regulation 23 of the SEBI LODR Regulations requires the Company to provide materiality thresholds for transactions beyond which the Shareholders' approval will be required by way of a resolution.

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- 4.2. The Company has fixed following materiality thresholds for the purpose of Regulation 23 of the SEBI LODR Regulations:
- A. 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, exceeds Five Percent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.
 - B. any other transaction with a related party shall be considered material if - the amount involved in the transaction(s) to be entered individually or taken together with previous transactions during a financial year, exceeds Ten Percent (10%) of the annual consolidated turnover of the Company as per last audited financial statements of the Company.
- 4.3. In case there is an amendment to the provisions of Regulation 23 of the SEBI LODR Regulations which is not in line with above thresholds, such amended provisions of Regulation 23 of the SEBI LODR Regulations shall be construed to be applicable to the related party transactions of the Company.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

5.1. Identification of Related Parties

The Company 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 and Regulation 2(1)(zb) of SEBI LODR Regulations.

5.2. Identification of Related Party Transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI LODR Regulations.

As a policy, the persons in-charge of Finance & Accounts at various businesses / locations at TIL will identify, on a quarterly basis at the end of each quarter, transactions falling under contracts and arrangements, as per the applicable laws, entered into with related parties for the consent of the Audit Committee, Board of Directors and Shareholders, as applicable. They shall report such details to the Corporate Finance/ Secretarial Department of the Company, in the template given in **Annexure 1**. The Corporate Finance/ Secretarial Department shall collate the details for TIL as a whole and put the same for necessary approvals required as per the provisions of applicable laws. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's

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length basis and for this purpose, the Company will seek external expert opinion, if necessary.

5.3. Procedure for Approval of Related Party Transaction

5.3.1. Approval of the Audit Committee

- A.** All related party transactions shall require prior approval of the Audit Committee.
- B.** However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the following conditions:
- a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions.
 - b. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
 - c. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed (ii) the indicative base price/current contracted price and the formula for variation in the price, if any and (iii) transactions which cannot be subject to the omnibus approval by the Audit Committee and (iv) such other conditions as the Audit Committee may deem fit.
 - d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price, if any (for ex: +/- 5%); and (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction.

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- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the Company pursuant to the omnibus approval given.
 - f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
 - g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
 - h. Any other conditions as the Audit Committee may deem fit.
- C.** For each category of transactions identified as per the Clause 5.2 of this policy, the Company has a specific framework and guidelines explaining the arm's length criteria to be followed by the Company, while entering into transactions falling under contracts and agreements with related parties identified as per Clause 5.1 of this policy. The Company while entering into RPTs will ensure adherence with the framework and guidelines and will maintain necessary documents for the same.
- D.** In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:
- a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 25% of the annual consolidated turnover of the company as per last its audited financial statements.
 - b. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 4 of the Policy.
 - c. While assessing a proposal put up before the Audit Committee/ Board for approval, the Audit Committee/ Board may review the following documents/ 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:
 - (i) Nature of the transaction i.e. details of goods or property to be acquired/ transferred or services to be rendered/ availed (including transfer of resources) - including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
 - (ii) Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
 - (iii) Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;

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- (iv) Special terms covered/ to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- (v) Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - 1. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - 2. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 - 3. management assessment of pricing terms and business justification for the proposed transaction;
 - 4. comparative analysis, if any, of other such transaction entered into by the Company.
- d. The Audit Committee shall review periodically the details of related party transactions entered by the company pursuant to each omnibus approval given.
- e. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - 1. Transactions which are not at arm's length or not in the ordinary course of business;
 - 2. Transactions which are not repetitive in nature;
 - 3. Transactions exceeding thresholds as laid down in Clause 4 of the Policy;
 - 4. Transactions in respect of selling or disposing of the undertaking of the Company;
 - 5. Financial Transactions eg. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties; and
 - 6. Any other transaction the Audit Committee may deem not fit for omnibus approval.

5.3.2. Approval of the Board of Directors of the Company

- A. 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 or not at arm's length basis, shall be placed before the Board for its approval.
- B. In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:

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- a) 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;
- b) 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;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval; and
- d) Transactions meeting the materiality thresholds laid down in Clause 4 of the Policy, which are intended to be placed before the Shareholders for approval

5.3.3. Approval of the Shareholders of the Company

- A. All the transactions with related parties exceeding the materiality thresholds, laid down in Clause 4 of the Policy, shall be placed before the Shareholders for approval.
- B. In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the Shareholders for its approval.
- C. For this purpose, none of the related parties of the Company shall vote to approve on such Shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not.
- D. However, the requirement of Shareholders' approval shall not be applicable for the transactions in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

5.3.4. In terms of the provisions of Regulation 23(5)(b) of SEBI LODR Regulations, the provisions of above clauses i.e. Clause Nos. 5.3.1, 5.3.2 and 5.3.3, shall not be applicable for the transactions entered into between the Company and its wholly-owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the Shareholders at the General Meeting for approval

6. DISCLOSURES

- 6.1. The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

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- 6.2. The Company shall submit, as per the provisions of SEBI LODR Regulations, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- 6.3. In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Clause 4 of the Policy above) on a quarterly basis to the stock exchanges along with the quarterly compliance report on Corporate Governance.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

- 7.1. 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 matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transactions, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.
- 7.2. In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, 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 by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be etc. In connection with any review/ approval of a related party transaction, the Audit Committee shall have the authority to modify or waive any procedural requirements of this Policy.

8. REVIEW OF THE POLICY

- 8.1. The adequacy of this Policy shall be reviewed and re-assessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the same based on the changes that may be brought about due to any regulatory amendments or otherwise.

9. COMPLIANCE RESPONSIBILITY

- 9.1. Compliance of this Policy shall be the responsibility of the Chief Financial Officer and the Company Secretary of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

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IDENTIFICATION OF RPT REQUIRING OMNIBUS APPROVAL

Sr. No.	Name of the related Party	Nature of transaction	Period of transaction	Aggregated value of the particular type of transaction	Basis of arriving at the indicative base price / current contracted price	Formula for variation in the price if any	Remarks

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