

**Policy on Related Party Transactions****1. PREAMBLE**

Considering the requirements for approval of Related Party Transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation, 2015”) as amended from time to time, mandating the formulation of Policy on Related Party Transactions (RPT Policy) by all the Listed entities *and High Value Debt Listed Entities*, Tata Projects Limited has formulated RPT Policy for identification of Related Parties and to regulate transactions between the Company and its Related Parties.

This RPT Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. The Board of Directors of the Company will review and, if required, may amend this Policy from time to time but at least once in a three year and such amended RPT Policy shall also be in conformity with the provisions of the Companies Act 2013 and Listing Regulations, 2015.

In case of any conflict with the provisions between the Act or the Regulations and the Policy, the provisions of the Companies Act and Listing Regulations, 2015 would prevail over the Policy.

**2. PURPOSE**

This Policy is framed as per requirement of Regulation 23 of the Listing Regulations, 2015 to set out (i) the materiality thresholds for related party transactions and; (ii) the manner of dealing with the transactions between the Company and its Related Parties based on the Act and the Listing Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

**3. DEFINITIONS**

“**Act**” means the Companies Act, 2013

“**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.

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

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

“**Company**” means Tata Projects Limited

**“Key Managerial Personnel” or “KMP”** shall have the meaning as defined under Section 2(51) of the Companies Act 2013 and as amended from time to time.

**“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

In case of payment to a Related Party for brand usage or royalty the materiality threshold will be 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company “

**“Ordinary course of business”** means a transactions undertaken by the Company to conduct its business operations in accordance with Memorandum & Articles of Association of the Company. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

**“Relative”** with reference to a Director or KMP means a person as defined in Section 2(77) of the Act and Rules framed thereunder.

**“Related Party”** means a related party as defined in Section 2(76) of the Act or under the applicable Accounting Standards.

**“Related Party Transaction”** means transfer of resources, services or obligations between a listed entity and related party, regardless of whether price is charged.

A transaction with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

**“SEBI Listing Regulations”** means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.

*Any other term not defined herein shall have the same meaning as defined under the Companies Act, 2013 and Listing Regulations, 2015, as amended from time to time.*

#### **4. IDENTIFICATION OF POTENTIAL RELATED PARTIES AND TRANSACTIONS**

Every director and Key Managerial Personnel, as defined under Section 2(51) of the Act is responsible for providing the list of Related Parties as covered under Section 2(76) of the Companies Act as well as under applicable Accounting Standards to the Board or Audit Committee.

The Responsible Person (i.e. Company Secretary/ Chief Financial Officer) shall at all times maintain upto date database of Company's Related Parties containing the names of individuals and details of the entities, identified on the basis of the definition set forth in Definition Clause above.

Every Director and KMPs shall inform to the Company in advance of any potential Related Party Transaction, if any, involving him or her or his or her Relative, including any additional information about the transaction as may be required by the Board/ Audit Committee. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction and if yes, such transaction will require compliance with this Policy.

#### **5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

##### **5.1 Approval of the Audit Committee of the Company**

All Related Party Transactions shall require prior approval of the Audit Committee unless otherwise specifically exempted under the provisions of the Act or the Listing Regulations. Only those members of the audit committee, who are independent directors, shall approve Related Party Transactions. Any member of the Committee who has a potential interest in any Related Party Transaction shall not remain present at the meeting when such Related Party Transaction is considered.

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 Regulation 23(3) of the Listing Regulations, 2015 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.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval.

The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

## **5.2 Approval of the Board of Directors of the Company**

As per provisions of Section 188 of the Companies Act, 2013 any Contract or Arrangement with Related Party as referred in the said section which are not in the ordinary course of business or at arm's length, shall require prior approval of the Board. The following Related Party Transactions shall also be placed before the Board for its approval:

- a) 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;
- b) 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.
- c) Material Related Party Transactions as well as Related Party Transactions requiring shareholders' approval under Section 188 of the Companies Act, 2013 and Rules made thereunder, which are intended to be placed before the shareholders for approval.

Where any director is interested in any Related Party Transaction, such director shall not remain present at the meeting when Related Party Transactions is considered.

## **5.3 Approval of the Shareholders of the Company**

All the Material Related Party Transactions shall require approval of the shareholders and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. However, any Material Related Party Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, shall not require approval of the Committee.

In addition to the above, the 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 require approval of the Shareholders.

## **6. MECHANISM FOR DETERMINING ORDINARY COURSE OF BUSINESS AND ARM'S LENGTH BASIS**

All transactions or activities that are necessary, normal and incidental to the business of the Company and the objects of the Company permit such activity shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions with a pattern of frequency.

To decide whether an activity which is carried on by the business is in the 'ordinary course of business', the following factors may be considered:

- a. Whether the activity is covered in the objects clause of the Memorandum of Association
- b. Whether the activity is in furtherance of the business
- c. Whether the activity is normal or otherwise routine for the particular business
- d. Whether the activity is repetitive/frequent
- e. Whether the income, if any, earned from such activity/transaction is treated as business income in the company's books of account
- f. Whether the transactions are common in the particular industry
- g. Whether there is any historical practice to conduct such activities
- h. The financial scale of the activity with regard to the operations of the business
- i. Revenue generated by the activity
- j. Resources committed to the activity

The above list is not exhaustive.

"Arms' 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. In this regard, the following guidelines can be used for determining the arms' length basis:

- a. whether the terms of the transaction are fair and would apply on the same basis if the transaction did not involve a Related Party;
- b. whether there are any compelling business reasons to enter into the transaction and the nature of alternative transactions, if any;
- c. whether the transaction would affect the independence of an independent director;
- d. whether the transaction poses any consequential potential reputational risk issues;
- e. whether the transaction would present a conflict of interest for any director or KMP, taking into account the size of the transaction, the overall financial position of the director/KMP or other Related Party, the direct or indirect nature of the directors', KMPs', or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship.

For determining the arms' length pricing, the Transfer Pricing guidelines issued by the relevant authorities under the provisions of Income-Tax Act 1961 may be used to determine this criteria on a case to case basis.

**7. OMNIBUS APPROVAL****Criteria and the need for granting omnibus approval**

- A. The Audit Committee may, in the best interests of the Company and to ensure smooth operations, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company which are repetitive in nature and which are routine and incidental to the Business operations of the Company, subject to such criteria/conditions as it may deem fit, further taking into account the justification for omnibus approval. Such approval shall specify the following:
- i. The name(s) of the Related Party;
  - ii. The nature of the transaction, period of transaction, maximum amount of transaction that can be entered into; and
  - iii. The indicative base price/current contract price and the formula for variation in the price, if any.
- B. The Audit Committee may specify any additional conditions for such determination, as it may deem fit.
- C. The Audit Committee may also grant omnibus approval, without the above details, for unforeseen transaction subject to a value not exceeding Rs.1 crore per transaction.
- D. Such omnibus approvals shall be valid for a maximum period of one year. The Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to such omnibus approvals, on a quarterly basis.

**8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under 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 Transaction, 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 shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without its approval, the Audit Committee, as appropriate, may direct

additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

In cases where the Board and / or shareholders' approval is required for a Related Party Transaction but such approval has not been obtained, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such Related Party Transaction was entered into, such Related Party Transaction shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any director, or is authorized by any director, the directors concerned shall indemnify the company against any loss, if any, incurred by it.

## **9. DISCLOSURES REQUIREMENT**

- a) Disclosures with respect to Related Party Transactions to be made as per applicable provisions of Companies Act, 2013 and/or Listing Regulations, 2015.
- b) Details of all material Related Party transactions shall be disclosed to the Stock Exchange on a quarterly basis with Corporate Governance Report.
- c) The Company shall disclose the details of contract or arrangement with related parties in the Board's report, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- d) The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- e) The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, 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.
- f) Any other disclosures as may be required from time to time

## **10. POLICY REVIEW**

The adequacy of this Policy shall be reviewed by the Audit Committee periodically (but at least once in every three years) to update the Policy to make it consistent with any regulatory amendments in the provisions of the Companies Act, 2013 and Rules framed thereunder or the Listing Regulations, 2015. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for approval of the Board.