

# **TRIBHOVANDAS BHIMJI ZAVERI LIMITED**

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

### **I. INTRODUCTION**

The Companies Act, 2013 ('Act') read with Companies (Meeting of Board and its Powers) Rule, 2014 and Corporate Governance prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') together provide the detailed mechanism for dealing with Related Party Transactions and mandate the Company to formulate a Policy on Materiality of Related Party Transactions and dealing with those.

Keeping in view of the above mentioned compliances requirements, the Board of Directors of **Tribhovandas Bhimji Zaveri Limited** (the "Company" or "TBZ") (CIN: L27205MH2007PLC172598) acting upon the recommendation of the Audit Committee of the Company, has adopted this Policy on materiality of Related Party Transactions and dealing with those. The Company recognizes that Related Party Transactions (as defined below) can present potential or actual conflict of interest and may raise questions about whether such transactions are in the best interest of the Company and the stakeholders.

The Company must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with strict legal and accounting requirements to which the Company is subject.

Therefore, this policy regarding the review and approval of Related Party Transactions, has been approved and adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

All Related Party Transactions as defined in this Policy shall be subject to review in accordance with the procedure set forth below.

This policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

## **II. APPLICABILITY AND EFFECTIVE DATE**

The Policy shall be deemed to have come into force from 1<sup>st</sup> October, 2014 and shall remain in force unless amended or repealed. This amended Policy shall be applicable to the Company with effect from 1<sup>st</sup> April, 2019 to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

The Management of the Company shall determine the procedure to be followed in order to comply with the Policy and the same will be communicated to all concerned employees and other persons concerned with the Company.

## **III. GOVERNING LAW & GUIDELINES**

This Policy has been framed in alignment with the prevailing provisions of:

1. Section 188 and other comprising provisions of the Companies Act, 2013,
2. Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014,
3. Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')
4. Accounting Standard – 18
5. Resolution passed in the meeting of Board and Committee thereof pertaining to Related Party Transactions.
6. This Policy deals with materiality of Related Party Transactions and manner of dealing with Related Party Transactions and also intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

## **IV. INTERPRETATION:**

Any term not defined in the Policy shall have the same meaning assigned to it under the Companies Act, 2013 or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or relevant Accounting Standards and preference should be given to the meaning assigned to such term under the Companies Act, 2013 and the above referred Listing Regulations as compared to other source of interpretation.

The Policy has been framed to maintain highest standard of corporate governance and therefore interpretation of any matter in this Policy should be consistent with the objectives for introducing such requirements in the Companies Act, 2013 and the above referred Listing Regulations.

## V. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications amendments, clarifications, circulars or re-enactment thereof.

“**Audit Committee**” means the Audit Committee of Board of Directors of the Company constituted / re-constituted under prevailing provisions of securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

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

“**Whole-time Director**” means a director in the whole-time employment of the Company.

“**Company**” means “Tribhovandas Bhimji Zaveri Limited” or “TBZ”.

“**Annual Turnover**” and “**Annual Consolidated Turnover**” means turnover of the Company as reflected in the audited financial statements of the preceding financial year on standalone and consolidated basis respectively.

“**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. For determination of Arm’s Length basis, guidance may be taken from provision of Transfer Pricing under Income Tax Act, 1961.

“**Arm’s Length Price**” means a price which is applied or proposed to be applied in a transaction between two unrelated persons.

“**Key Managerial Personnel**” or “**(KMP)**” means Key Managerial Personnel of the Company in terms of Section 203 of the Companies Act, 2013 and the Rules framed thereunder.

- (i) The Chief Executive Officer or the Managing Director or Manager;
- (ii) The Whole-time Director;
- (iii) The Company Secretary;
- (iv) The Chief Financial Officer;
- (v) Such other officer as may be prescribed under Section 2(51) of the Companies Act, 2013.

“**Manager**” means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially

the whole, of the affairs of the Company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

“**Policy**” means Related Party Transaction Policy of the Company.

“**Chief Executive Officer**” or “**CEO**” means the Managing Director of the Company unless he is an officer of the Company who has been designated as such.

“**Chief Financial Officer**” or “**CFO**” means a person appointed as the Chief Financial Officer of the Company.

“**Company Secretary**” means a person who is appointed by the Company to perform the functions of the Company Secretary under the Companies Act, 2013.

“**Concern**” or “**Interest**” means either by himself or through his relatives:

- (i) With reference to a company, its directorship or membership; or
- (ii) With reference to a firm, its partnership.

“**Related Party**” means a person or an entity:

- (i) Which is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) Which is a related party under the applicable accounting standards.

Related party under Section 2(76) of the Companies Act, 2013 and Rules made thereunder are as follows:

- (i) a Director or his relative;
- (ii) a Key Managerial Personnel of the Company or his/her relative;
- (iii) a firm, in which a director, manager or his/her relative is a partner;
- (iv) a private company in which a director or manager or his/her relative is a member or director;
- (v) a public company in which a director of Manager is a director and hold along with his/her relatives, more than two (2%) percent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act.

(Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;)

- (viii) any company which is—
  - (a) a holding, subsidiary or an associate company of such company; or

- (b) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) a Director (other than an Independent Director) or Key Managerial Personnel of the holding company or his relative;
- (x) any other entity which is a Related Party under the applicable accounting standards; or
- (xi) such other person as may be prescribed.

**“Related Party Transactions”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and it also includes any transaction specified in Section 188 of the Companies Act, 2013.

**“Specified Related Party Transactions”** means following transactions with Related Parties which are not in the ordinary course of business of the Company or which are in the ordinary course of business but not at arm’s length:

- (i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the Annual Turnover of the Company or Rs. 100 Crores, whichever is lower; or
- (ii) Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent, amounting to 10% or more of the Net Worth of the Company or Rs. 100 Crores, whichever is lower; or
- (iii) Leasing of property of any kind of any kind amounting to 10% or more of the Annual Turnover of the Company or Rs. 100 Crores, whichever is lower; or
- (iv) Availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the Annual Turnover of the Company or Rs. 100 Crores, whichever is lower; or

[The limits specified in above sub-clause (i) to (ii) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during the financial year.]

- (v) Appointment of any officer or place of profit in the Company, its subsidiary company or associate Company at a monthly remuneration exceeding Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand only); or
- (vi) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000/- (Rupees Two Lakhs Fifty Thousand only); or
- (vi) Underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% Net Worth.

[The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.]

## **Relatives:**

As per the Provisions of Section 2(77) of the Companies Act, 2013 “Relative” means—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed under Companies (Specification of definitions details) Rules, 2014;

As per Rule 4 of Companies (Specification of definitions details) Rules, 2014 a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (a) Father (including step-father)
- (b) Mother (including step-mother)
- (c) Son (including step-son)
- (d) Son’s wife
- (e) Daughter
- (f) Daughter’s husband
- (g) Brother (including step-brother)
- (h) Sister (including step-sister).

## **Holding company:**

As per the Provisions of Section 2(46) of the Companies Act, 2013 “Holding Company”, means a company of which such companies are subsidiary companies.

## **Subsidiary company:**

As per the Provisions of Section 2(87) of the Companies Act, 2013 “**subsidiary company**” or “**subsidiary**”, in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation— For the purposes of this clause:

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;

- (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression "company" includes any body corporate;
- (d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

**Associate company:**

As per the Provisions of Section 2(6) of the Companies Act, 2013 "associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation: For the purpose of this clause Significant influence means control of at least twenty per cent (20%) of total share capital, or of business decisions under an agreement.

**"Material Related Party Transactions"** as defined under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'):

A transaction(s) to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, which exceeds ten (10%) percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company. In case of transaction involving payments made to a Related Party with respect to brand usage or royalty, such transactions shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) two (2%) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**"Net Worth"** means net worth of the Company computed in accordance with Section 2(57) of the Companies Act, 2013 based on the audited financial statements of the preceding financial year.

**"Transaction"** with a Related Party shall be construed to include any contract or arrangement or transaction, whether single or as a group of transactions and for the purpose of applying thresholds laid down in this Policy, it shall include previous transactions during the financial year with the Related Party.

## **VI. PROCEDURES / POLICY**

All Related Party Transactions must be reported to the Audit Committee for review and approval in accordance with this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy except transactions entered into between a holding company and its wholly owned subsidiary company whose accounts are consolidated with such holding company and placed before shareholders at the general meeting for approval. In the case of frequent / regular / repetitive transactions which are in normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Audit Committee may ratify the transactions in accordance with this Policy.

### **1. Identification of Related Party / Related Party Transactions and Disclosure by Directors and Key Managerial Personnel (KMP)**

- Every Director and Key Managerial Personnel (KMP) shall at the time of appointment and at the beginning of every financial year in first meeting of the Board and as and when there is changes in the disclosure already made, then in the first meeting held after such change, disclose his/ her interest to the Company in accordance with this Policy, on account of his being director or KMP of the Company as follows ('the disclosure'):
  - Name/ details of his/ her relatives.
  - Details of firms in which either he/she or any of his/her relatives is partner.
  - Details of private company in which he/she or any of his/her relatives is member or director.
  - Details of public company in which he/she is a director and holds either himself/herself or together with his/her relatives more than two per cent of the paid up capital of the company.
  - Details of body corporate whose board of directors or managing director or manager is accustomed to act in accordance with his advice, direction or instruction (other than advice, direction or instruction given in a professional capacity).
  - Details of any person on whose directions, instructions or advice he is accustomed to act (other than advice, direction or instruction given in a professional capacity).



- Details of entities/ body corporates of which he is owner or promoter of KMP or has control over such entity.
  - Details of body corporates in which he holds either himself/ herself or together with other directors of such body corporate holds more than two per cent of the paid up capital of such company.
- Each Director or Key Managerial Personnel (KMP) is requested to provide notice to the Company Secretary of any potential Related Party Transaction involving him/ her or his or her relative, including any additional information about the transaction that the Board / Audit Committee may request, for being placed before the Audit Committee and the Board.
  - Provided that where any Director or Key Managerial Personnel (KMP) who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if he/she becomes concerned or interested after the contract or arrangement is entered into, disclose his/her concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.
  - The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance from Director or Key Managerial Personnel of the Company so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.
  - TBZ Group Companies means all the companies in TBZ group will be considered as Related Parties.
  - The Chief Financial Officer of the Company shall identify the Related Party Transactions with Directors or Key Managerial Personnel of the Company or their relatives.
  - Any potential Related Party Transactions that are brought to the attention of the Company Secretary and Chief Financial Officer shall be analysed by the Legal Department, in consultation with management and with an external consultant as appropriate. The Board shall record the disclosure of interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction required compliance with this policy.

The Company Secretary shall identify other persons or entities that would be regarded as Related Parties on account of their relationship as Related Party definition mentioned in this Policy on a quarterly basis on the information available with him or after making enquiries as may be necessary.

The Company Secretary shall keep the list of Related Parties based on the information received from Directors, KMP and other person or entities identified by him. Such list of relatives provide shall be kept ready and circulated to the concerned person or authority as and when required.

## **2. Identification of potential 'Related Party Transaction'**

The Company will set an appropriate mechanism within the organization to assess and identify business transactions / potential transactions which could be considered or categorized as:

- (i) Related Party Transactions;
- (ii) Specified Related Party Transactions;
- (iii) Material Related Party Transactions;
- (iv) Transactions in the ordinary course of business which are not on arm's length basis; and
- (v) Transactions which are not in the ordinary course of business.

## **3. Review and approval of Related Party Transactions**

### **Approval of Audit Committee:**

Every Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant standing pre-approval / omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in Regulation 23 and all other applicable Regulations of the Listing Regulations.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company, subject to the following criteria:

- The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself that such omnibus approval and that such approval is required in the interest of the Company.
- Such omnibus approval shall specify (i) the name/s of related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/ current contract price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit. (Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding Rs. 1 Crore per transaction).

- Details of Related Party Transactions entered into pursuant to omnibus approval, shall be reviewed by Audit Committee on quarterly basis.
- Omnibus approval shall be valid only upto one year and shall require fresh approval after expiry of one year.
- Related Party Transactions, approved by the Audit Committee under its omnibus approval, will be presented to and noted by the Board.

Any member of the 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.

Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the Shareholders at the General Meeting for approval shall not require prior approval of the Audit Committee.

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

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modifications as may be necessary or appropriate under the circumstances.

Where any Director or Key Managerial Personnel is interested in any contract or arrangement with a related party, such Director or Key Managerial Personnel shall not be present at the meeting or shall abstain from discussion and voting on the subject matter of the resolution relating to such contract or arrangement.

Section 188 of the Companies Act, 2013 specified certain transactions which are as follows:

- (i) Sale, purchase or supply of any goods or materials;
- (ii) Selling or otherwise disposing of, or buying, property of any kind;
- (iii) Leasing of property of any kind;
- (iv) Availing or rendering of any services;
- (v) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (vi) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

- (vi) Underwriting the subscription of any securities or derivatives thereof, of the Company.

If the transactions mentioned above are in the ordinary course of business and at arm's length, approval of Board of Directors of the Company will not be required. However, if any of the transactions is not in the ordinary course of business or is in the ordinary course of business but not at arm's length, then approval of the Board of Directors will be required by way of resolution passed at the meeting of the Board and the shareholders (as stated in this Policy).

#### **Approval of the Shareholders of the Company:**

All Material Related Party Transaction will require approval of the shareholders of the Company by way of ordinary resolution and no Related Parties shall vote to approve such resolution, irrespective of whether or not such Related Parties are parties to a particular transaction. However, transactions entered into between a holding company and its wholly owned subsidiary – even if they are Material Related Party Transactions – will not require prior approval of the shareholders if the accounts of the wholly owned subsidiary are consolidated with the holding company and placed before the shareholders at the general meeting for approval.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business of the Company or which are in ordinary course of business but not at Arm's Length Basis will require prior approval of the shareholders of the Company by way of ordinary resolution, irrespective of whether or not such Related Parties are parties to a particular transaction and no Related Parties shall vote on such resolution.

#### **4. Information to be placed before the Audit Committee and Board of Directors for approval of Related Party Transactions**

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents or seek the following information from the management in order to determine if the Transaction is in the ordinary course of business and / or at Arm's Length or not:

- the name of the related party and nature of relationship;
- the nature of the transaction, i.e. details of goods or property to be acquired / transferred or service to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the

proposed transaction; duration of the contract and particulars of the contract or arrangement;

- the key terms of the contract or arrangement including the price, value, quantum and other commercial, if any;
- the key covenant (non-commercial) of the proposed agreement / contract to be entered into for such transaction;
- any special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- any advance paid or received for the contract or arrangement, if any;
- the manner of determining the pricing, value and other commercial terms, both included as part of contract and not considered as part of the contract;
- whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- any other information relevant or important for the Board to take a decision on the proposed transaction.

#### **5. Factors to be considered by Audit Committee and Board of Directors while approving Related Party Transactions**

- There are clearly demonstrable (compelling business) reasons from the Company's business point of view, for the transaction to be entered into with a Related Party;
- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- The commercial reasonableness of the terms of the Related Party Transaction;
- The materiality of the Related Party Transaction;
- Whether the terms of the Related Party Transaction are fair and on the same basis as would apply if the transaction did not involve a Related Party;
- The extent of the Related Party's interest in the Related Party Transaction taking into account the amount involved in the transaction, the overall financial position of the related party, the direct or indirect nature of the related party's interest in the transaction and the continuous nature of the transaction;
- The actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk/ issues that may arise as a result of or in connection with the proposed transaction;

- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

## **6. Material Related Party Transactions**

A transaction with a Related Party shall be considered material if the transaction / transactions to be 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 Company.

## **7. Reporting of Transactions and Records**

The Company Secretary shall be responsible for giving adequate disclosures of Related Party Transactions in the Board's Report to the extent it is required under the Companies Act, 2013 and Regulation 23 of the Listing Regulation and also make necessary entries in the contract register maintained for this purpose. The management may put in place an internal process document to monitor compliance of the Related Party Transactions with this Policy and transactions approved by Audit Committee.

## **VII. 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 under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee 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 Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

Any violation to the provisions of the Policy that comes to the knowledge shall result in the adoption of the appropriate measures, ensuring the effectiveness of this Policy, and shall also be reported to the Audit Committee.

## **VIII. GENERAL PRINCIPLES**

- (i) It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions.
- (ii) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- (iii) The Audit Committee shall have the following powers with respect to Related Party Transactions:
  - To seek information from any employee.
  - To obtain outside legal or other professional advice.
  - To secure attendance of outsiders with relevant expertise, if it considers necessary.
  - To investigate any Related Party Transaction.
- (iv) The CFO of the Company is authorized to issue necessary guidelines / instructions for implementation of this policy.
- (v) The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.

## **IX. RELATED PARTY TRANSACTIONS NOT REQUIRING APPROVAL**

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board of Directors or Shareholders:

- (i) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- (iii) Transactions available to all employees generally.

## **X. DISCLOSURE**

Every Related Party Transactions or contract or arrangement entered shall be disclosed in the following manner:

- (i) In the Board's Report to the shareholders along with the justification for entering into such contract or arrangement;
- (ii) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance; and
- (iii) The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

## **XI. AMENDMENT IN LAW**

### **Statutory Updates:**

The Policy shall be considered as updated automatically, without any formal approval, to the extent it needs to be aligned with any change in law. An update thereon would be reported to the Audit Committee and the Board of Directors.

### **Other Updates:**

All major procedural updates, shall be effective only, if those are carried out after the review and approval of the Board through Audit Committee.

### **Review:**

The Policy shall be reviewed by the Board of Directors atleast once every three years and updated accordingly.

## **XII. OTHER NOTES**

- Applicability of procedural requirement will be determined at the time of entering into a contract / arrangement.
- During pendency/ duration of a contract or arrangement, if an unrelated party becomes, Related Party, this will be presumed merely a 'Change in Circumstances' and Transactions will continue to be considered as if they are with unrelated party until and unless there is any change in the terms and conditions of the respective contract / arrangement governing such Transactions.

**For Tribhovandas Bhimji Zaveri Limited**

**Shrikant Zaveri**  
**Chairman & Managing Director**  
DIN: 00263725