

TIMES GUARANTY LIMITED

POLICY FOR TRANSACTIONS WITH RELATED PARTIES

INTRODUCTION

In terms of the applicable provisions of the Companies Act, 2013 (the Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (as amended from time to time), this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions has been formulated and approved by the Board of Directors of the Company at its meeting held on 29th March, 2017. This policy has been amended with respect to SEBI (LODR) Sixth Amendment Regulations 2021. The said Regulations shall be applicable with effect from 1st April, 2022. Hence the revised policy shall be operational with effect from 1st April, 2022.

PRIMARY OBJECTIVES

- To ensure highest standard of Corporate Governance, transparency, probity and ethical standards in all dealings of the Company with its Related Parties.
- To ensure compliance with the legislative and regulatory provisions under the Companies Act, 2013 and the Listing Regulations (as amended from time to time) governing RPTs, both in letter and spirit. This policy therefore lays down the mechanism to deal with Related Party Transactions.

DEFINITIONS

“Related Party” means a Related Party under Section 2(76) of the Act as defined under Regulation (zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, or a related party under the applicable accountable standards.

“Related Party Transaction” means Related Party as defined under clause (zc) of Regulation 2 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and transactions under Section 188 of the Act.

“Relative” means relative as defined under section 2(76) of the Act.

“Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

“Material Modifications” means any modification to the existing Related Party Transaction which has the effect of increasing or decreasing the value of original contract by 25% or more.

All capitalized terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Act, the Rules framed there under and Listing Regulations as amended from time to time.

MATERIALITY THRESHOLDS

Regulation 23(1) of Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of

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Resolution for Related Party Transactions defined under Section 188 of the Act read with the rules framed there under and listing regulations, in case, they meet the materiality threshold.

Transaction with a Related Party will be considered material if the transaction(s) to be entered individually or taken together with previous transactions during the financial year exceeds Rs. 1000 Crore (Rupees One Thousand Crore) or 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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 into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover as per the last audited financial statements of the Company.

Thus, all transactions with Related Parties beyond the materiality threshold limit, as laid down above and subsequent material modification thereto would be placed before the shareholders for prior approval, irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm's length.

For this purpose, all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all below mentioned transactions as 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 threshold limits laid down in Companies (Meetings of Board and its Powers) Rules, 2014, would be placed before the shareholders for their approval.

Sr. No.	Details of Transactions	Threshold limit
1	Sale, Purchase or supply of any goods or materials directly or through appointment of agents	amounting to ten per cent or more of the turnover of the company
2	Selling or otherwise disposing of, or buying property of any kind directly or through appointment of agents	amounting to ten per cent or more of the net worth of the company
3	<i>Leasing of property of any kind</i>	amounting to ten per cent or more of the turnover of the company
4	Availing or rendering of any services directly or through appointment of agents	amounting to ten per cent or more of the turnover of the company

Explanation: It is hereby clarified that the limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

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5	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/- as mentioned in Section 188 (1)(f) of the Act
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	exceeding one per cent of the net worth as mentioned in Section 188 (1)(g) of the Act

The Companies (Amendment) Act, 2015 and Regulation 23(5) of the SEBI Regulations provides exemption for seeking shareholders' approval (by Ordinary Resolution) for related party transactions between the Company and its wholly-owned subsidiaries whose accounts are consolidated and placed before the Shareholders at the General Meeting for approval.

Shareholders' approval with respect to Related Party transactions involving subsidiary(ies) of the Company:

All Related Party Transactions of subsidiary(ies) and subsequent material modifications, to which the Company is not a party, shall require prior approval of the shareholders of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year:

- exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company (*upto 31st March, 2023*)
- exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary (*w.e.f. 1st April, 2023*)

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS RELATED PARTY TRANSACTIONS (RPTs)

Approval of the Audit Committee

- All Related Party Transactions ('RPTs') and subsequent material modifications thereof shall require prior approval of the Audit Committee.
- All Related Party Transactions of a subsidiary(ies) and subsequent material modifications, to which the Company is not a party shall require prior approval of Audit Committee, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year:
 - exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company (*upto 31st March, 2023*)
 - exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary (*w.e.f. 1st April, 2023*)

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Further, only the Independent Directors who are members of Audit Committee shall approve the Related Party Transactions.

However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

Criteria for granting omnibus approval by the Board:

- The Audit Committee while granting omnibus approval shall consider the repetitiveness of the transactions (in past or in future) and justification for the need of such approval.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- The omnibus approval shall provide details of
 - the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - the indicative base price/current contracted price and the formula for variation in the price if any (for example: +/- 5%) and
 - maximum value of transactions in aggregate which can be allowed under omnibus route in a year
 - such other conditions as the Audit Committee may deem fit from time to time

However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs. 1 Crore per transaction.

- The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- In accordance with the Companies (Amendment) Act, 2015, as well as Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 w.e.f. December 14, 2015, such omnibus approval shall be valid for a period not exceeding 1 financial year and shall require fresh approvals after the expiry of the one-year period.
- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Approval of the Board of Directors

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 or both, will be placed before the Board for its approval. In addition to the above,

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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.

Transactions meeting the materiality thresholds which are intended to be placed before the shareholders for approval.

RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL

Following transactions shall not require separate approval under this Policy:

- Any transaction pertaining to appointment and remuneration of Directors and Key Managerial Personnel ("KMP") that has already been approved by the Nomination and Remuneration Committee of the Company or the Board or the shareholders as the case may be;
- Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- Payment of Dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Act or SEBI Regulations.
- Contribution to Corporate Social Responsibility (CSR), subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

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 matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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

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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.

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 for the loss suffered by the related party, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

DISCLOSURES

It shall be mandatory for every stakeholder of the Company covered by this Policy to make a full advance disclosure, in writing to the Compliance Officer with all details of transactions that are proposed to be entered into by such a person with the Company, or by him on behalf of the Company with a Related Party

- All newly appointed officials and directors shall disclose their interest in companies, firms or association of individuals at their first meeting of the Board of Directors attended by them and thereafter every year as per the provisions of Section 184 of the Act.
- Every official, director or KMP shall, in accordance with Section 189 of the Companies Act, within 30 days of his appointment or relinquishment of office disclose his concern or interest in any company or body corporate, firms or individuals including his shareholding and also contracts or arrangements in which he is directly or indirectly interested. [Section 184 of the Act].
- Any official or director who (individually or together with other directors) holds more than 2% share in any company or body corporate, and any proposed contract or arrangement with such company or body corporate in which he is interested or concerned whether directly or indirectly, or in which he is a promoter or manager or chief operating officer of that company or body corporate (as per the Act); and who holds more than 20% of voting power shall promptly make a disclosure of such interest to the Company.
- Any director or Official including KMPs shall promptly notify the Company of any material interest that such person or a Relative of such person had, has or may have in a Related Party Transaction. The notice shall include a description of the transaction and the aggregate amount.
- Disclosures in relation to related party transactions shall be made in the financial statements of the Company. [Section 188(2) of the Act and IND AS24].

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SCOPE/ LIMITATION

In the event of any conflict between the provisions of this Policy and the Act, the provisions of the Act and the Rules prescribed thereunder and / or the SEBI Regulations, as the case may be, shall prevail over this Policy.

DISSEMINATION OF POLICY

This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

CONSEQUENCES OF CONTRAVENTION

Any Director or any employee of the Company who had entered into or authorized a Related Party Transaction in violation of the provisions of this Policy shall be liable to punishments under the provisions of the Act and / or the Listing Regulations for recovery of any loss sustained by the Company as a result of such contract or arrangement or transaction.

REVIEW:

The Policy and its material threshold limits shall be reviewed and approved by the Board of Directors of the Company at least once in every three years, or as frequently as may be prescribed under the applicable regulations and updated accordingly.

AMENDMENT

The Board of the Company shall review and may, on the recommendation of the Audit Committee, amend this Policy from time to time.

AMENDMENTS IN LAW

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

(Last amended on 31st March, 2022. All amendments shall be effective from 1st April, 2022, unless otherwise specified under the respective clauses of the Policy)