

POLICY ON RELATED PARTY TRANSACTIONS

I. Background

The Board of Directors of Tega Industries Limited (the “**Company**”), based on the recommendations of the Audit Committee and in compliance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), as amended from time to time and other applicable provisions (including any statutory enactments or amendments thereof), adopted the Policy on Related Party Transactions and on dealing with related party transactions (“**Policy**”).

II. Purpose

The changes introduced in the corporate governance norms under Section 188 of the Companies Act, 2013 (“**Act**”), as amended, the Rules framed thereunder and Regulation 23 of the SEBI Listing Regulations require companies to have enhanced transparency and due process for approval of the related party transactions.

Accordingly, the Company has framed this Policy with the intent to ensure proper approval and reporting of related party transactions.

III. Definitions

“**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest.

“**Audit Committee**” means the Audit Committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations.

“**Board of Directors**” or “**Board**” means the board of directors of the Company, as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations

“**Key Managerial Personnel**” or “**KMP**” shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Act, each as amended from time to time

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

In case of a transaction involving payments made to a related party with respect to brand usage or royalty, it will be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed

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five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modifications” shall mean any modification with respect to the following:

- modification in the maximum limit of the amount of an existing related party transaction for a financial year to an extent of 20%.
- any other modification which as per the directions of the Audit Committee may be deemed material on case-to-case basis.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. 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 any person, shall have the meaning as defined in Section 2(77) of the Act and rules prescribed there under.

“Related Party” shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

“Related Party Transaction” shall have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations and shall mean a transaction involving a transfer of resources, services or obligations between:

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- b. the Company or any of its subsidiaries on one hand, and any other person or the Company on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries with effect from April 1, 2023; regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –
 - a. sale, purchase or supply of any goods or materials;
 - b. selling or otherwise disposing of, or buying, property of any kind;
 - c. leasing of property of any kind;
 - d. availing or rendering of any services;
 - e. appointment of any agent for purchase or sale of goods, materials, services or property;

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- f. such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company;
- g. underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) corporate actions which are uniformly applicable/offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities.
- (c) retail purchases from the Company or any of its subsidiaries by its directors or employees, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

"Subsidiary" or "Subsidiaries" shall mean subsidiary(ies) of the Company as defined under Section 2(87) of the Act., as amended from time to time."

"Industry Standards" shall mean the Industry Standards on "Minimum Information to be provided for review of the Audit Committee and Shareholders for approval of Related Party Transaction (RPT)" as notified by SEBI vide its Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025.

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

IV. Manner of dealing with related party transactions

(a) 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 thereunder and Regulation 2(1)(zb) of the SEBI Listing Regulations. Every Director and KMP shall, as may be applicable to them, provide a declaration containing the necessary details of related parties covered in the definition of related party to the Company Secretary upon their appointment and on an annual basis. Further, they should also provide an update within 30 days whenever there is a change in any of the declarations already provided at the beginning of the year.

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(b) 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 Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

Every Director, KMP, Officers of the Company and of the Subsidiary(ies) authorized to enter into contracts/arrangements will be responsible for providing prior notice to the the Chief Financial Officer ("CFO") of any potential Related Party Transaction. The CFO will be then responsible for identification of the related party transactions and providing necessary information in advance to the Company Secretary for initiating the process to obtain the necessary approvals of the Audit Committee/Board/Shareholders.

Once the related party transactions are identified, the Management shall categorise the transactions under the following categories as per the Industry Standards and place the applicable disclosure before the Audit Committee/ Board/ Shareholders seeking approval:

- a) Material Related Party Transactions
- b) Other Related Party Transactions, but with promoter or promoter group or person / entity in which promoter or promoter group has concern or interest
- c) Residual Related Party Transactions

Further, the CFO and the Managing Director will be responsible for providing additional information about transactions that the Board/Audit Committee may request, for being placed before the Audit Committee/Board of the Company.

The Board shall fulfil the function of monitoring and managing potential conflicts of interest of management, Board and shareholders, including misuse of corporate resources and abuse in related party transactions.

V. Approval Process**A. Audit Committee**

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Only the Independent Directors in the Audit Committee shall approve related party transactions.

Further, following transactions shall also require prior approval of the audit committee:

- a related party transaction to which the subsidiary of the Company 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;

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- with effect from April 1, 2023, a related party transaction to which the subsidiary of the Company 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 standalone turnover, as per the last audited financial statements of the subsidiary;

Prior approval of the Audit Committee shall not be required for

- i. Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary;
- ii. Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained;
- iii. 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;
- iv. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
- v. remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the SEBI Listing Regulations.

The Audit Committee, at the time of approval of Related Party Transactions, shall take into consideration the Certificate to be placed before it by the the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavorable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

However, the Company may obtain omnibus approval from the Audit Committee for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions:

(i) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.

(ii) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;

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(iii) Such omnibus approval shall specify:

- (a) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
- (b) the indicative base price / current contracted price and the formula for variation in the price if any;
- (c) Minimum information about the Related Party Transactions as per the provisions of the Industry Standards.;
- (d) 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 transactions subject to their value not exceeding Rupees one crore per transaction.

(iv) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given.

(v) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of the financial year.

The CFO of the Company shall provide to the Committee all relevant information of all Related Party Transaction(s), as required under the Industry Standards including the terms of the transaction(s), the business purpose of the transaction(s), the benefits to the Company and to the Related Party(ies), and any other relevant matters *inter alia* including the following:

- (i) the name of the related party and nature of relationship;
- (ii) the nature, duration of the contract and particulars of the contract or arrangement;
- (iii) the material terms of the contract or arrangement including the value, if any;
- (iv) any advance paid or received for the contract or arrangement, if any;
- (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (vi) 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;
- (vii) the persons/authority seeking the approval of the proposed transaction;

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- (viii) Minimum information to be placed before the Audit Committee as required under the Industry Standards;
- (ix) any other information relevant or important for the Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- i. 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;
- ii. Whether the Related Party Transaction would affect the independence of the Director/KMP;
- iii. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- iv. Whether the Related Party Transaction is in the nature of conflict of interest for any Director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Directors, KMP'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;
- v. Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- vi. 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.

Subject to the provisions of the applicable laws, the Audit Committee will have the discretion to approve/modify/recommend/refer the proposed Related Party Transaction for the approval of Board or shareholders.

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And, in the event such transaction, contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

B. Board

A Related Party Transaction shall be approved by the Board by passing a resolution in this regard at a meeting of the Board, provided that Board approval is not required for any transaction(s) to be entered into in the ordinary course of business and on an arm's length basis.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

C. Shareholders

(i) Transactions not in ordinary course of business or not at arm's length

All kinds of transactions specified under Section 188 of the Act which are not in the ordinary course of business or not at Arms' length as well as all Related Party Transactions in excess of the limits laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall require prior approval of the shareholders and no member of the Company shall vote on such resolution, if such member is a related party irrespective of being related to the said transaction.

(ii) Material Related Party Transaction

All Material Related Party Transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

VI. Ratification of Related Party Transactions

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. The value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. The transaction is not material in terms of the provisions of sub-regulation of this regulation;
- iii. Rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. any other condition as specified by the audit committee:

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Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

VII. Disclosure

- The Company shall disclose, in the Board's Report, transactions with related parties which are not in ordinary course of business or not at arm's length basis along with the justification for entering such transaction;
- The Company shall place all the information, as specified in the Industry Standards read with the provisions of the SEBI Listing Regulations, the Companies Act, 2013, as well as additional information specified by the SEBI from time to time, for seeking review of the Audit Committee while seeking prior approval of the Related Party Transactions.
- The Company shall place all the information, as specified in the Industry Standards read with the provisions of the SEBI Listing Regulations, the Companies Act, 2013, as well as additional information specified by the SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed Related Party Transactions as applicable.
- The Company shall submit to the stock exchanges disclosures of Related Party Transactions in such format and at such intervals as prescribed under the SEBI Listing Regulations/specified by the Securities and Exchange Board of India, from time to time and publish the same on its website;
- The Company will disclose this Policy on related party transactions on its website.

VIII. Limitation, Review and Amendment

The Board may, subject to applicable laws, amend, suspend or rescind this Policy at any time and in any case, the policy shall be reviewed by the Board at least once every three years and updated accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the Act or the SEBI Listing Regulations or any other legal requirement ("Applicable Law"), the provisions of Applicable Law shall prevail over this Policy.

Version 1: Updated on November 10, 2021

Version2: Updated on February 11, 2022

Version3: Updated on April 12, 2023

Version 4: Updated on May 15, 2025

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