TAiNWALA

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

I. PREAMBLE

The Board of Directors (the "Board") of **Tainwala Chemicals and Plastics (India) Limited** (the "Company") has adopted this Policy upon recommendation of the Audit Committee and it includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

The Board of Directors of the Company has adopted this Policy to set forth the procedures by which transactions with Related Parties shall be reviewed for approval or ratification. The Policy is intended to ensure proper approval, disclosure and reporting of transactions between the Company and its Related Parties and its Subsidiary Companies, if any and their Related Parties, wherever applicable. Any Related Party Transaction may be entered into by the Company in accordance with the provisions of this Policy.

II. OBJECTIVE

This Policy is intended as follows:

A. To ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time;
B. To ensure high standards of Corporate Governance while dealing with related parties.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

III. DEFINITIONS:

"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" or **"Committee"** means Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 and as per Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Board" means the Board of Directors of the Company.

"Material Modification" shall mean an amendment to the terms of a transaction/ agreement/ commitment with/ to a Related Party, the effect of which will be an increase over the approved limit for a transaction resulting in a variation of **25% (twenty-five per cent) or more** in the value of such approved limit of transaction.

Provided further that any modification to the transactions/ agreements entered into:

a) for sale, purchase or supply of any goods or materials or availing or rendering of any services in the ordinary course of business and on arm's length basis;
b) between the Company and its wholly owned subsidiary;
c) 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 annual general meeting for approval,

shall be excluded from the applicability of above definition.

"Material Related Party Transaction" means any transaction to be entered into individually or taken together with previous transactions during a financial year exceed the threshold specified in the Section V of this Policy, dealing with Determination of Materiality of Related Party Transaction.

"Related Party" means Party as defined in clause (zb) of sub-regulation (1) of Regulation 2 of the Listing Regulations and under sub-section (76) of Section 2 of the Act.

"Related Party Transaction" means transaction as defined in clause (zc) of sub-regulation (1) of Regulation 2 of the Listing Regulations (as amended from time to time).

"Relative" means relative as defined under sub-section (77) of Section 2 of the Companies Act, 2013 and rules prescribed thereunder.

"Transactions in the ordinary course of business" means the course of business in which Transactions are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets transactions, **except**:

1. transactions involving transfer/ demerger/ acquisition/ business restructuring transaction of a business or a unit thereof;
2. lending/ borrowing/ providing or receiving guarantees to/ from entities other than the entities which are consolidated in the Company's Consolidated Financial Statements;
3. any other items which are required to be reported as 'Exceptional Item' in the Company's annual financial statements

Any other terms and expressions used but not defined herein, shall have the same meaning as defined in the Companies Act, the Listing Regulations, and / or the rules and regulations made thereunder.

IV. REVIEW AND APPROVAL BY THE AUDIT COMMITTEE:

1. All Related Party Transactions and subsequent Material Modifications shall be subject to prior approval of the Audit Committee of the Company whether at a meeting or by a resolution by circulation or by any other manner as provided by the Companies Act or the rules and regulations made thereunder.

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

   Provided that the members of the Audit Committee, who are independent directors, may ratify related party transactions within 3 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 1 crore;
(ii) the transaction is not material;
(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) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of 23(9) of the Listing Regulations;
(v) any other condition as specified by the Audit Committee

Provided further 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.

2. The Audit Committee of the Board shall review and, if appropriate, approve Related Party Transactions. Accordingly, at the first meeting of the Audit Committee in every calendar year, management shall present to the Committee, the following information with respect to all Related Party Transactions expected to be entered into during the forthcoming financial year:

a) the name of the Related Party;
b) the Related Party's interest in the transactions, including the Related Party's position or ownership of or relationship with any entity that has an interest in the Related Party Transactions;
c) the estimated rupee value of the Related Party Transactions;
d) a general description of the transactions, including material terms and conditions;
e) in case of loans, the aggregate amount of loans and the rate of interest payable on such loans;
f) in case of guarantees issued, the aggregate amount of guarantees and commission to be payable on such guarantees;
g) an assessment of whether the transactions are on terms that are comparable to the terms available to unrelated third parties or to employees generally (in case of appointment to any office or place of profit in the company, its subsidiary company or associate company, as per Para IV to this Policy); and

h) any other material information regarding the transaction(s) or the Related Party's interest in the Related Party Transactions.

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

a) 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;
b) 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;
c) Whether the Related Party Transaction would affect the independence or present a 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, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.
d) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
e) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why prior approval was not sought and whether subsequent ratification is allowed and would be detrimental to the interests of the Company; and

4. After reviewing such information and being satisfied that there is a need for such approval, the members of the Audit Committee (without the participation of the Committee member(s) interested in the transaction, if any) shall approve or disapprove such transactions.

5. Omnibus approval for transactions shall be given only if it is determined by the Committee that such transactions are:

a. repetitive in nature and that such approval is in (or not inconsistent with) the best interests of the Company and its shareholders;
b. to be entered into by the Company on terms that are comparable to those that would be obtained in arm's length transactions with unrelated third parties;
c. and in the ordinary course of business.

The Audit Committee, while granting any such omnibus approvals, shall specify the following:

(i) name of the Related Party;
(ii) nature of transaction;
(iii) period of transaction;
(iv) maximum amount of transaction that can be entered into, and
(v) indicative base price / current contracted price and the formula for variation in the price if any;
(vi) such other conditions as the audit committee may deem fit.

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

Such omnibus approvals shall be valid for a period not exceeding **1 (one) financial year** and shall require fresh approvals after the expiry of such financial year.
Omnibus approval shall not be made for the transactions in respect of selling or disposing off the undertaking of the Company.

6. The Company shall provide the following information, for review of the Audit Committee for approval of a proposed Related Party Transaction, other than the transactions for omnibus approval:

a) Type, material terms and particulars of the proposed transaction;

b) Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);

c) Tenure of the proposed transaction (particular tenure shall be specified);

d) Value of the proposed transaction;

e) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);

f) Justification as to why the transaction is in the interest of the Company;

g) Arm's length confirmation;

h) Source of funds (if loan/advance), Cost of funds, tenure, repayment terms and Purpose of funds utilization;

i) A copy of the valuation or other external party report, if any such report has been relied upon;

j) Any other information that may be relevant.

7. No member of the Audit Committee shall participate in the review, consideration or approval of any Related Party Transaction with respect to which such member or any of his or her relatives is a Related Party.

8. If any material information with respect to such transactions shall change subsequent to the Committee's review of such transactions, management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Committee.

9. If any additional Related Party Transactions are proposed to be entered into subsequent to the Committee's first meeting in the calendar year, the management shall present such transactions to the Committee for approval before entering into such transaction (which can be taken by calling a meeting or by resolution passed through circulation, if permitted).

10. All the Directors are required to declare and disclose their concerns or interests in any company(ies) or body(ies) corporate or firm(s) at the first Board meeting in every financial year and subsequently whenever there is any change therein.

11. Related Party Transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year:

    i. exceeds 10% (ten per cent) of the annual consolidated turnover, as per the last audited financial statements of the Company;

    ii. with effect from April 1, 2023, exceeds 10% (ten per cent) of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

    iii. prior approval of the audit committee of the company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (iii) above, the prior approval of the audit committee of the listed subsidiary shall suffice.]

Provided that the 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 annual general meeting for approval shall be excluded from the requirement under this Clause 11.

12. The Audit Committee shall review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

13. If the Audit Committee determines that a Related Party Transaction is –

    a) A Material Related Party Transaction; or
    b) Not in the ordinary course of business; or
    c) Not on arm's length basis

the Audit Committee shall place the matter before the Board for obtaining its approval, unless exempted.

V. DETERMINATION OF MATERIALITY OF RELATED PARTY TRANSACTIONS:

Material Related Party Transactions shall be determined by applying the following criteria:

<table>
<tr><th>Category of Transactions</th><th>Materiality Thresholds under the Companies Act, 2013 (for transactions not in ordinary course of business and not on an arm's length basis)</th><th>Materiality Thresholds under the Listing Regulations</th></tr>
<tr><td>Sale, purchase or supply of any goods or materials</td><td>10% or more of turnover</td><td rowspan="6">Transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 5,000 Crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or as may be prescribed under SEBI (LODR) Regulations from time to time.</td></tr>
<tr><td>Selling or otherwise disposing of, or buying, property of any kind</td><td>10% or more of net worth</td></tr>
<tr><td>Leasing of property of any kind</td><td>10% or more of turnover</td></tr>
<tr><td>Availing or rendering of any services</td><td>10% or more of turnover</td></tr>
<tr><td>Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company</td><td>At a monthly remuneration exceeding Rs. 2.5 Lakh</td></tr>
<tr><td>Underwriting the subscription of any securities or derivatives thereof, of the company</td><td>Exceeding 1% of net worth</td></tr>
<tr><td>Any other transaction with a Related Party</td><td colspan="2">Transaction, individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company</td></tr>
</table>

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if such transaction(s) exceed **5% of the annual consolidated turnover** of the Company as per the last audited financial statements of the Company.

Explanation:

(1) The turnover or net worth referred in the above shall be computed on the basis of the audited financial statement of the preceding financial year.

(2) The threshold limits under the Companies Act, 2013 mentioned above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

For the purpose of this policy, 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.

VI. APPROVAL OF THE BOARD OF DIRECTORS:

The Audit Committee shall report all Material Related Party Transactions & subsequent Material Modifications to the Board.

Where approval of Board is required for any Related Party Transaction or if the Board in any case elects to reviews any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

VII. APPROVAL OF THE SHAREHOLDERS:

Unless exempted, the Company shall seek prior approval of shareholders through resolution for "Material Related Party Transactions and subsequent Material Modifications". The resolution shall be an ordinary resolution or such resolution as may be required by the

Companies Act and the Listing Regulations and all the Related Parties (if any) will abstain from voting on such resolution irrespective of whether the concerned entity is a party to the particular transaction or not.

VIII. DISCLOSURE BY THE COMPANY:

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.

Disclosure will be made in the Company's Annual Report and to the Stock Exchanges as required under the Companies Act and the Listing Regulations.

IX. DISCLOSURE OBLIGATIONS OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

Every Director shall, at the beginning of the Financial Year or whenever any change occurs, provide information by way of written notice to the Company, regarding his concern or interest in the entity with specific concern to parties which may be considered as a Related Party with respect to the Company and shall also provide the list of relatives which are regarded as a Related Party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as a Related Party according to this Policy.

Accordingly, the Company will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/ Board has adequate time to obtain and review information about the proposed transaction.

X. APPROVAL FOR UNFORESEEN RELATED PARTY TRANSACTIONS:

Pursuant to Regulation 23(3) of the Listing Regulations, where the need for related party transaction cannot be foreseen and the details required to be disclosed are not available, the Audit Committee may grant omnibus approval for such transactions, subject to their value

not exceeding Rs. 1 Crore (Rupees One Crore Only) and subject to the following conditions, namely:

(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;

Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy.

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

a. Any transaction involving the providing of compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

b. 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.

XI. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee.

The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction, to the extent permissible under the law.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

XII. POLICY REVIEW:

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with new provision(s) or replace the Policy entirely with a new Policy.

The Board may also, based on the recommendations from the Audit Committee, make any amendments to the Policy from time. The Policy shall be reviewed by the Board at least once in every 3 (three) years and updated as may be required.

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. A note in relation to such changes shall be placed in subsequent meeting of the Board and the Audit Committee.

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Reviewed by Board of Directors at their meeting held on 20th May, 2026.