

ITL INDUSTRIES LIMITED

Related Party Transaction Policy

1. Preamble

The Board of Directors (the “Board”) of ITL Industries Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. Purpose

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“SEBI LODR”) and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

3. Definitions

- a. **“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.
- b. **“Audit Committee”** means Audit Committee of the Board of Directors of the Company.
- c. **“Material Modification”** in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.
- d. **“Material transactions”** would mean transactions or series of transactions in one financial year with any single related party exceeding Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements of the Company.
- e. **“Related Party Transaction or transaction (“RPT)”** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

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

The RPT shall include transactions between -

- 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;
- the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.

4. Identification of Related Parties and the Related Party Transactions:

Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,

- a. at the time of appointment;
- b. periodically – as required by the Company or applicable law
- c. whenever there is any change in the information already submitted, provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture .

Every such promoter, director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

5. Review and approval of Related Party Transactions:

A. *Audit Committee*

- i. All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
- ii. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length basis, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- iii. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria / conditions as mentioned under the Act and the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.
- iv. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and Material modifications thereof, entered into by the Company pursuant to the omnibus approval. Certain procedural aspects

concerning review of a Related Party Transaction may be modified or waived by the Committee, at its discretion.

- v. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- vi. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification, if appropriate.
- vii. The Audit Committee shall also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of such transaction crosses the thresholds as prescribed under the Listing Regulations.

The Audit Committee shall consider the following factors while determining approval–

- a) Name of the related party and its relationship with the Company or its subsidiary including nature of its concern or interest;
- b) Nature, material terms, monetary values, tenure and particulars of contract /arrangement / transaction;
- c) Method and manner of determining the pricing and other commercial terms;
- d) Whether the RPT is at arm's length;
- e) Percentage of the value of the proposed RPT to the annual consolidated turnover of the Company/ standalone turnover of the subsidiary;
- f) In case of RPT involving loan, advances, ICDs or investments made / given by the Company / subsidiary:
 - Details of sources of funds;
 - In case of indebtedness, nature of indebtedness, cost of funds and tenure;
 - Applicable terms including covenants, tenure, interest rate, secured or unsecured and repayment schedule;
 - Purpose of utilization of funds by ultimate beneficiary of such RPT
- g) Justification as to why the RPT is in the interest of the Company;
- h) Copy of valuation / external party report, if any;
- i) Percentage of the value of the proposed RPT to the annual consolidated turnover of the counterparty (voluntary); and
- j) Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

B. Board of Directors

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length basis, the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining

the pricing and the business rationale for entering into such transaction and any other information the Board may deem fit for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems 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.

C. Shareholders

- i. If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.
- ii. The provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- iii. In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would seek post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/regulations.

6. Disclosure of the Policy:

This Policy will be uploaded on the website of the Company and a web link thereto shall be provided in the annual report.

7. Policy Review:

This policy is framed based on the provisions of the Companies Act, 2013, and rules made thereunder and the requirements of the SEBI LODR. In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI LODR or any other regulations ("the Regulations") which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly. In accordance with the powers vested in the Board, this Policy has been amended with effect from 14th November, 2024.