



THE INVESTMENT TRUST OF INDIA LIMITED

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

Policy approved by	Board of Directors of The Investment Trust of India Limited
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I. OBJECTIVE OF THE POLICY:

This Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions ("**the Policy**" or "**this Policy**") is framed by The Investment Trust of India Limited ("**the Company**" or "**ITI**"), pursuant to the provisions of Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**") and in terms of Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder ("**the Companies Act or the Act**"), including any modification(s) / amendment(s) / re-enactment(s) thereof.

The Board of Directors of ITI 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 ITI and its Related Parties and its Subsidiary Companies 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. 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.

"Annual Consolidated Turnover of the Company" means revenue from operations as per the last audited consolidated financial statements.

"Annual Standalone Turnover of subsidiary" means revenue from operations as per the last audited standalone financial statements of the respective subsidiary.

"Associate Company" means a Company as defined in Section 2(6) of the Companies Act, 2013.

"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.

"Key Managerial Personnel" means a key managerial personnel as defined under Section 2(51) of the Companies Act, 2013

"Material Modification" means any modification or amendment to the related party agreement / transaction/commitment with/to a Related Party, the effect of which is likely to result in 50% upward or downward revision in the original approved value of the related party agreement / transaction/commitment set by the Audit Committee

"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 Clause III 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.

“Related Party Transaction” means transaction as defined in clause (zc) of sub-regulation (1) of Regulation 2 of the Listing Regulations.

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

“Subsidiary Company” means a company as defined under sub-section (87) of section 2 of the Companies Act, 2013.

“Transaction” shall be construed to include single transaction or a group of transaction in a contract.

“Transactions in the ordinary course of business” mean transactions or contracts or arrangements or activities that are connected to or necessary for the business of the Company and satisfy the following principles:

- (i) permitted under the Memorandum and the Articles of Association of the Company;
- (ii) carried on a frequent or regular basis or are usual in nature or are as per the customs or industry practice or are necessary/incidental to achieve business of the company; and
- (iii) the terms of which are similar to those which would be otherwise applicable to transactions with unrelated parties.

Transactions in the ordinary course of business shall cover the businesses of ITI and its subsidiaries and would include activities to be carried out incidental to or to facilitate the business of ITI and its subsidiaries.

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.

III. DETERMINATION OF MATERIALITY OF RELATED PARTY TRANSACTIONS:

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

Category of Transactions	Materiality thresholds under the Companies Act, 2013 (for transactions not in ordinary course of business and not on an arm's length basis)	Materiality thresholds under the Listing Regulations
Sale, purchase or supply of any goods or materials directly or through appointment of agent	10% or more of turnover	Transaction, individually or taken together with previous transactions during a financial year, exceeds Rs. 10,00,00,00,000/- (Rupees One Thousand Crores) or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	10% or more of net worth	
Leasing of property of any kind	10% or more of turnover	
Availing or rendering of any services directly or through appointment of agent	10% or more of turnover	
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.2.5 Lakh	
Underwriting the subscription of any securities or derivatives thereof, of the company	1% of net worth	

Any other transaction with a Related Party	Transaction, individually or taken together with previous transactions during a financial year, exceeds Rs. 10,00,00,00,000/- (Rupees One Thousand Crores) or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements for related party transaction involving payments made/to be made to any related party with respect to brand usage or royalty
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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.

IV. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

1. Identification of related parties:

The Audit Committee of the Company shall formulate the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the Listing Regulations with the assistance of the senior management of the Company. Audit Committee shall review the list of related parties on an annual basis.

2. Identification of Related Party Transactions:

All Related Party Transactions requiring approvals and/or reporting shall be identified by the Company on a continuous basis. Related Party Transactions identified by the Company shall be reported to the Audit Committee of the Company at frequent intervals as may be decided by the Committee from time to time.

V. APPROVAL REQUIREMENTS FOR RELATED PARTY TRANSACTIONS

The Company shall not enter into any Related Party Transaction except as stated hereinafter.

1. Approval of Audit Committee:

- a. Prior approval of the Audit Committee of the Company to be obtained for all Related Party Transactions and subsequent Material Modifications undertaken by the Company;
- b. Prior approval of the Audit Committee of the Company to be obtained for all Related Party Transactions, and subsequent Material Modification thereof, undertaken by the subsidiary and to which the Company is not a party if the value of the 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.

- c. Prior approval under (b) above will not be required for Related Party Transactions undertaken by the subsidiary and to which the Company is not a party, if regulation 23 and/or sub-regulation (2) of regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.
- d. Prior approval of the Audit Committee of the Company shall not be required for Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred to in (b) above, if prior approval of the audit committee of the listed subsidiary has been obtained.
- e. Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.
- f. The Audit Committee shall be provided with the information as required under SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 as amended from time to time. The Audit Committee shall be entitled to call for such additional information/ documents in order to understand the scope of the proposed related party transaction(s) and recommend an effective control system for the verification of the supporting documents.
- g. In determining whether to approve a Related Party Transaction or not, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons, from the Company's business point of view and in the interest of the Company, to enter into a transaction with a Related Party.
- h. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself or herself from the meeting and shall abstain from discussion and voting on the approval of the Related Party Transaction.
- i. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.
- j. The Audit Committee may grant omnibus approval in accordance with the provisions of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 23(3) of the Listing Regulations which are of repetitive / regular nature proposed to be entered into. Such transactions shall be reviewed by the Audit Committee on quarterly basis. The approval will remain valid for a period of one financial year. 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 1 (One) Crore per transaction.

Exemption from requiring blanket approval by the Audit Committee: :

- Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same shall not be material in terms of the provisions of sub-regulation (1) of regulation 23 of Listing Regulations.

Conditions for ratification of transactions by the Audit Committee:

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:

- the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year does not exceed Rupees one crore;
- the transaction is not material in terms of the provisions of sub-regulation (1) of regulation 23 of Listing Regulations;
- the rationale for inability to seek prior approval for the transaction is placed before the audit committee at the time of seeking ratification;
- the details of ratification shall be disclosed along with the disclosures of related party transactions with the stock exchanges under sub-regulation (9) of regulation 23 of Listing Regulations;
- such other conditions as may be prescribed by the Audit Committee.

The 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.

Omnibus approval from the Audit Committee:

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company or its subsidiary subject to the following conditions namely:

- i.) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy on related party transactions and such approval shall be applicable in respect of repetitive transactions.
- 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.
- iii.) The criteria for granting the omnibus approval in line with the policy shall include the following namely:
 - a) The maximum value per transaction which can be allowed;
 - b) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - c) extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval;
 - d) transactions which cannot be subject to the omnibus approval by the Audit Committee
- iv.) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - a) repetitiveness of the transactions (in past or future);
 - b) Justification for the need of omnibus approval.
- v.) Such omnibus approval shall specify the information with respect to actual or potential related party transaction which includes:
 - a) the name/s of the related party;

- b) nature of transaction;
- c) period of transaction;
- d) maximum amount of transaction that can be entered into;
- e) the indicative base price/ current contracted price & formula for variation in the price, if any;
- f) other information as the Audit Committee may deem fit;

In case 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 the value not exceeding Rs. 1 Crore per transaction.

The Audit Committee shall review, at least on a quarterly basis, the details of RPT's entered into by the Company or its subsidiary pursuant to each of the omnibus approval given. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

The Audit Committee shall not grant omnibus approval for transactions in respect of selling or disposing of the undertaking of the Company.

2. Transactions requiring approval of Board:

The following transactions shall require a prior approval of the Board:

1. Related party transactions which are not in the ordinary course of business or not at arm's length price;
2. Material related party transactions.

Any member of the Board of Directors falling under the definition of related party shall not vote to approve the relevant transactions irrespective of whether the member is a party to the particular transaction or not.

In addition to the above, 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 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 which are viewed to be in the ordinary course of business and at arm's length basis by the Management, but which are also tabled to the Board for its approval from an improved governance perspective; and
- Transactions meeting the materiality thresholds laid down in Clause III of the Policy, which are intended to be placed before the shareholders for approval.

3. Approval of Shareholders of the Company:

- i. Prior approval of the shareholders of the Company shall be obtained for Material Related Party Transactions under SEBI Listing Regulations and subsequent Material

Modifications except for following:

- a. Related Party Transactions between the Company and its wholly owned subsidiaries or between the wholly owned subsidiaries of the Company.
- b. Related Party Transactions 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 these regulations are applicable to such listed subsidiary.
- ii. Unless exempted, the Company shall seek prior approval of shareholders for “Material Related Party Transactions and subsequent Material Modifications” in a general meeting in the year in which the Related Party Transaction is undertaken or by postal ballot process.
- iii. The resolution shall be an ordinary resolution or such resolution as may be required by the 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.
- iv. The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall give details as per the requirement of the Act and the Listing Regulations and circulars issued by SEBI.

4. Transaction other than omnibus approval:

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) A copy of the valuation or other external party report, if any such report has been relied upon;
 - h) Percentage of the counter-party’s annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - i) Any other information that may be relevant.
- (i) If any material information with respect to such transactions, changes subsequent to

the Committee's review, management shall provide the Committee with updated information at a subsequent meeting and get the changes approved afresh by the Committee.

VI. 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.

The necessary disclosure will be made in the Company's Annual Report. The disclosures to the Stock Exchanges shall be made as required under sub-regulation (9) of regulation 23 of the Listing Regulations and the applicable provisions of Companies Act, 2013.

VII. 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.

VIII. 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.

IX. 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 to 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.
