



TITAN BIOTECH LIMITED



Policy on Related Party Transactions

POLICY ON RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.



1. SCOPE AND PURPOSE OF THE POLICY:

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”), as amended from time to time, **Titan Biotech Limited** (Company) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. ABOUT THE COMPANY:

Titan Biotech Limited is a public limited company incorporated under the Companies Act in the year 1992. The equity shares of Titan Biotech Limited are listed on the Bombay Stock Exchange Limited. Titan Biotech Limited is one of the leading manufacturers & exporters of the biological products used in the field of Pharmaceutical, Nutraceutical, Food & Beverages, Biotechnology & Fermentation, Cosmetic, Veterinary & Animal Feed, Agriculture Industries, Microbiology Culture Media & Plant Tissue Culture Media etc. With the experience of more than 25 years and the remarkable market presence in 75+ countries, Titan Biotech consistently pushing the boundaries of research and development to deliver the best quality of biological products.

3. OBJECTIVE OF THE POLICY:

The objective of this Policy is to set out:

- (a) the materiality thresholds for related party transactions and;
- (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

4. DEFINITIONS:

- 4.1 **“Act”** means the Companies Act, 2013 and includes any amendment thereof.
- 4.2 **“Regulation 23”** means the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 4.3 **“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.
- 4.4 **“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 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.
- 4.5 **“Company”** means Titan Biotech Limited.
- 4.6 **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
- 4.7 **“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.
- 4.8 **“Related Party Transaction”** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended, shall mean transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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;
 - f. appointment to any office or place of profit in the company
 - g. underwriting the subscription of any securities or derivatives thereof, of the company
- 4.9 **“Material Related Party Transaction”** means and includes the following:

[A] As per SEBI Listing Regulations:

A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the following:

Consolidated Turnover of Listed Entity Threshold	Threshold
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above Rs. 20,000 Crore
(III) More than Rs.40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above Rs. 40,000 Crore or Rs. 5000 Crores, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements.

[B] As per Companies Act, 2013:

As per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, the material Related Party Transactions are as under:

- (i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to **10% or more of the turnover** of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- (ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to **10% or more of net worth** of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- (iii) leasing of property of any kind amounting to **10% or more of the turnover** of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- (iv) availing or rendering of any services, directly or through appointment of agent, amounting to **10% or more of the turnover** of the company, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188.

4.9 “Material Modification” means any subsequent change to an existing RPT, having variance of **20%** of the existing limit or **Rs. 10 crores** whichever is **lower**.

Provided that change in the value of related party transactions on account of following shall not be considered as Material Modification:

- Change in quantity or rate of the existing RPT due to the reasons beyond the control of the Related Parties
- Change due to revision / imposition of statutory levies like taxes, duties, etc.

4.10 “Key Managerial Personnel” or “KMP” shall have the meaning as defined in the Companies Act 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

6. MANNER OF DEALING WITH RELATED PARTY TRANSACTION:

Each Director and Key Managerial Personnel is responsible for disclosing (and periodically updating) particulars of his/her relatives and his/her interest in all the entity/ies, either as a Director and/or Member and/or Partner etc. Additionally, the Director and Key Managerial Personnel shall from time to time provide notice to the Board of any proposed Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request.

The Management shall compile a list of related parties in accordance with the Listing regulations and the Companies Act, 2013 based on the disclosures provided by the Directors and Key Managerial Personnel and other information available with the company.

The Company prefers to receive such notices well in advance so that, the Board/Audit Committee has adequate time to obtain and review information about the proposed transaction and considers approvals.

6.3 PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

6.3.1 Approval of the Audit Committee:

A. Scope of Review of Related Party Transactions by Audit Committee:

All related party transaction(s) between the Company and its Related Parties, and any **subsequent modifications** therein, shall require prior approval of the Audit Committee.

Following information shall be provided to the Audit Committee of Directors for reviewing any item on Related Party Transactions:

- i. Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- ii. Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
- iii. Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- iv. Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- v. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;

- third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
- management assessment of pricing terms and business justification for the proposed transaction;
- comparative analysis, if any, of other such transaction entered into by the company.

B. The Audit Committee of Directors may grant 'Omnibus Approval' for the RPTs proposed to be entered into by the Company

1. The Audit Committee may grant omnibus approval for certain category of related party transactions proposed to be entered into by the Company.
2. The Audit Committee shall consider the following **factors while specifying the criteria** for making omnibus approval, namely:-
 - i. repetitiveness of the transactions (in past or in future);
 - ii. justification for the need of omnibus approval
3. The proposal for Omnibus Approval placed before the Audit Committee shall include the following information: -
 - i. Name(s) of the related party(ies);
 - ii. Nature of transaction(s);
 - iii. Period of Transaction(s);
 - iv. Maximum amount of transaction that can be entered into;
 - v. The indicative base price or current contracted price and the formula for variation in the price, if any; and
 - vi. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction: The Audit Committee may seek any addition information as may be deemed necessary by the Committee while considering the proposal for granting omnibus approval.
4. In case the need for related party transaction cannot be foreseen and the aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value **not exceeding Rs. 1 crore per transaction.**
5. Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of such one year.
6. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
7. Any other conditions as the Audit Committee may deem fit.

8. 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 given.
9. 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 ratification.
10. Only Independent Directors, who are members of the Audit Committee shall approve the RPTs. In case such Independent Director is interested in any potential RPT, then he/she shall abstain from voting when such transaction is being considered.

6.3.2 Approval of the Board of Directors of the Company

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, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) 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;
- b) 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;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d) All the material related party transactions and subsequent modifications, which are intended to be placed before the shareholders for approval.

6.3.3 Approval of the Shareholders of the Company

All the **Material Related Party Transactions** and subsequent "**Material Modifications**" shall require prior approval of the shareholders through **ordinary/special resolution** (as may be applicable from time to time. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' prior approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- ii. Related Party Transactions, where the listed subsidiary of the Company is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- iii. Related Party Transactions of unlisted subsidiaries of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- iv. 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.
- v. 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.

7. DISCLOSURES:

- The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- The Company shall place all the information as specified by the SEBI from time to time for review of the Audit Committee for approval of the RPTs.
- The Company shall provide all the information as specified by the SEBI from time to time in the explanatory statement in the notice being sent to shareholders seeking approval of proposed RPTs.
- The Company shall provide disclosure of the Related Party Transactions in the format as specified by the SEBI from time to time, to the stock exchanges and upload on company's website, every six months.
- The Company shall provide disclosure on 'Loans and advances' in the nature of loans to firms/companies in which directors are interested by name and amount' in the Corporate Governance Report.

8. 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 the 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 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 by the defaulting person (as may be

decided by the Audit Committee) to the related party or the Company as the case may be, 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.

9. REVIEW OF THE POLICY:

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

10. COMPLIANCE RESPONSIBILITY:

Compliance of this Policy shall be the responsibility of the Chief Financial Officer (CFO), Company Secretary & Compliance Officer of the Company who shall have the power to ask for any information or clarifications from the management in this regard.
