



TULSHYAN NEC LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

[This Policy is reviewed and amended as per the recommendations of the Audit Committee meeting held on August 13, 2025 and approved by the Board of Directors at its meeting held on August 13, 2025 and has been made effective from April 01, 2025]

1. Introduction

The Board of Directors (the "Board") of Tulsyan NEC Limited (the "Company"), has adopted a policy on Related Party Transactions ("Policy") and procedures with regard to Related Party Transactions ("RPT") after considering the recommendation of the Audit Committee, in line with the requirements of the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 read with Regulation 2(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as may be applicable to the Company and as amended from time to time.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company. This Policy specifically deals with the review and approval of Related Party Transactions.

2. Objective of the Policy

This policy is framed as per the requirements of the SEBI Listing Regulations and the provisions of the Act (including any modification(s) / amendment(s) / re-enactment (s) thereof) and is intended to govern the transactions between the Company and its Related Parties. The objective of this Policy is to set out:

- (a) the basis of identifying related parties of the Company as well as related party transactions,
- (b) the materiality thresholds for related party transactions, and
- (c) the manner of entering into transactions between the Company and its related parties.

3. Definitions

3.1. "Act" means the Companies Act, 2013 as amended from time to time.

3.2. "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.

3.3. "Audit Committee" shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations.

3.4. "Associate Company", in relation to another company means a Company, in which that other Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause

Significant influence means control of at least twenty per cent (20%) of total voting power or control of or participation in business decisions under an agreement.

3.5. "Board of Directors" or "Board" means the collective body of the Directors of the Company, as constituted from time to time, in line with the provisions of the Act and the SEBI Listing Regulations.

3.6. "Company" means Tulsyan NEC Limited.

3.7. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

3.8. "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 dated February 14, 2025.

3.9. "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 and includes any person so authorized and designated by the Board of Directors of the Company as KMP.

3.10. "Material Related Party Transaction" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transaction(s) during a financial year, exceeds Rs. 1,000 crores or 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 transaction involving payment to a Related Party for 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 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3.11. "Material Modifications" means any modification in the existing related party transaction wherein the modification in the approved limit is Rs. 1 crore or 10% of existing approved limit, whichever is higher.

Whereas, with respect to material related party transactions, the material modification will be decided by the Audit Committee from time to time.

3.12. "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.

3.13. "Policy" means Policy on Related Party Transactions.

3.14. "Regulation 23" means the Regulation 23 of the SEBI Listing Regulations.

3.15. "Relative" with reference to a Director or KMP means persons as defined under Section 2(77) of the Act and rules prescribed thereunder (as amended from time to time).

3.16. "Related Party(ies)" shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations (as amended from time to time).

3.17. "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, as amended from time to time, 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 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;

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, its subsidiary 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 (as amended from time to time).
- (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.

Further, remuneration and sitting fees paid by Tulsy NEC Limited or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23 of the SEBI Listing Regulations.

3.18. "SEBI Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

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

4. Materiality Thresholds

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction ("RPT") exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions. None of the related parties ("RPs") of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP's can cast only negative vote to reject the resolution seeking approval of material RPT(s)).

The Company has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party – lower of Rs. 1,000 crore or 10% of the consolidated annual turnover of the Company as per its last audited consolidated financial statements.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Audit Committee and the Board, once in every three years and updated accordingly.

5. Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his/her Relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and/or the Board.

The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company has to receive such notice of any potential Related Party Transaction well in advance to place it before the Audit Committee, so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

5.1. Review of Related Party Transactions

All Related Party Transactions and subsequent Material Modifications shall be subject to prior approval of the Audit Committee except for the transactions for which exemption is available under law and mentioned in para of "Level 1 Audit Committee's Approval" under overall framework of Approval for RPTs.

In case the transactions entered into between a holding company and its wholly owned subsidiary which are not in ordinary course of business and/or not on arm's length basis, they shall mandatorily require prior approval of the Audit Committee.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction as per the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, as amended from time to time, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

5.2. Considerations for approval of Related Party Transactions

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:

- 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 there are any undue compelling business reasons or exigency for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Audit Committee, the reason for not obtaining the prior approval of the Audit Committee and whether subsequent ratification / post-facto approval would be detrimental to the Company;
- vi. Compare existing contracts/agreements (if any) and its terms with one or more identical or similar transactions and compare the market terms known for such similar transactions and;
- vii. Whether the Related Party Transaction would present an improper 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, or other Related Party, the direct or indirect nature of the Director's, 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 Board/Committee deems relevant.

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting /resolution by circulation and 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.

If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for the management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

6. Overall Framework for approval of Related Party Transactions

Level 1 - Audit Committee's Approval

All Related Party Transactions and subsequent Material Modifications shall be subject to prior approval of the Audit Committee whether at a meeting or by resolution passed by circulation (in case of business exigencies) and only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

In case of a Related Party Transaction where subsidiary of the Company is a party, but the Company is not a party, they 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 exceeds:

10% of the annual standalone turnover as per the last audited financial statements of the subsidiary (w.e.f. April 01, 2023).

Prior approval of the Audit Committee shall not be required for following transactions:

- i. 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.
- ii. 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;
- iii. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- iv. remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels 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 Listing Regulations.
- v. 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 SEBI Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred

above, the prior approval of the audit committee of the listed subsidiary shall suffice.

In case the transactions entered into between a holding company and its wholly owned subsidiary which are not in ordinary course of business and/or not on arm's length basis, such transactions shall mandatorily require prior approval of the Audit Committee and only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Level 2 - Board's Approval

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) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

Where any director is interested in any contract or arrangement with a related party, such director shall not participate in discussions on the subject matter during the meeting relating to such contract or arrangement and shall not vote on the item of business.

Level 3 – Shareholder's Approval

All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders and no related party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution of material RPT).

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, prior approval of the shareholders of the Company will not be required in the following cases:

- Material Related Party Transactions entered between the Company and its wholly owned subsidiaries, whose accounts are consolidated with the Company and placed before the general meeting for approval of shareholders, shall not require prior approval of shareholders as stipulated under Regulation 23(5) of SEBI Listing Regulations.
- 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 SEBI Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

- > 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.
- > Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- > 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.

7. Standing Pre-approval / Omnibus Approval by Audit Committee

The Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to compliances with the conditions prescribed in paras a) to i) below.

- a) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:
 - i) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii) The maximum value per transaction which can be allowed;
 - iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - iv) review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
 - v) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- b) 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.
- c) The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
- d) The omnibus approval shall provide details of (i) the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any, (iii) minimum information about the RPTs as per the provisions of the Industry Standards and (iv) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

- e) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company pursuant to the omnibus approval given;
- f) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh

approval after expiry of one year.

- g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- h) Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.
- i) Any other conditions as the Audit Committee may deem fit.

Pursuant to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

- a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 50% of the annual consolidated turnover of the Company as per its last audited financial statements, subject to the transaction(s) exceeding the materiality threshold which require shareholder approval will not be considered for this limit.
- b. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the Policy. Should the value per transaction, through omnibus route, exceed the materiality threshold as defined in the Policy, the same shall be subject to approval of shareholders of the Company.
- c. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
 - ii. the indicative base price / current contracted price and the formula for variation in the price, if any;
 - iii. Minimum Information to be placed before the Audit Committee as required under the Industry Standards;
 - iv. such other information/documents/confirmations as the Audit Committee may deem fit from time to time.
- d. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered by the Company pursuant to each omnibus approval given.
- e. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - Transactions which are not at arm's length or not in the ordinary course of business;
 - Transactions which are not repetitive in nature;
 - Transactions exceeding materiality thresholds as laid down in the Policy
 - Transactions in respect of selling or disposing of the undertaking of the company
- f. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
- g. Any other transaction as the Audit Committee may deem not fit for omnibus approval.

8. Deviations

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the details of such transactions may be placed before the audit committee for ratification. The members of the audit committee, who are independent directors, may ratify

related party transactions within 3 (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 Rs. 1 crore;
- (ii) the transaction is not a material related party transaction;
- (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 to the stock exchanges in terms of the provisions of regulation 23(9) of SEBI Listing Regulations, 2015;
- (v) any other condition as specified by the audit committee.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including continuation, 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 Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, failure to seek ratification of the audit committee or where the Committee determines not to approve a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, rendering the transaction voidable, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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.

9. 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 disclose the Policy on dealing with Related Party Transactions on its website and provide web link in the Annual Report. In addition to the disclosures required under Accounting Standards, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.
- The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.
- The 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, shall not require the above disclosure provided that the same is not a material related party transaction.

10. Amendments and Updatons

The Audit Committee periodically shall review this Policy and may recommend amendments to this Policy

from time to time as it deems appropriate. In addition to guidelines for ongoing Related Party Transactions, the Audit Committee may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other Related Party Transactions. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the existing provisions with a new provision or replace this Policy entirely with a new Policy. However, the Board shall review this policy at least once in every three years.

11. Interpretation

Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, SEBI Listing Regulations, Accounting Standards or any other relevant legislation / law applicable to the Company.

This Policy is framed based on the provisions of the SEBI Listing Regulations and Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014. In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with prevailing law. Any subsequent amendment/modification in SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

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