



Frick India Limited

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CIN: L74899HR1962PLC002618

Policy on determining Related Party Transactions

[Pursuant to Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirement) 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 a 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 Regulations 23 read with 2(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as amended from time to time, **Frick India 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 (“Board”) based on the 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. OBJECTIVE OF THE POLICY:

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 based on the Act read with the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS:

3.1 “Act” means the Companies Act, 2013 as amended from time to time;

3.2 “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.

3.3 **“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.

3.4 **“SEBI Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

3.5 **“Regulation 23”** means the Regulation 23 of the SEBI Listing Regulations.

3.6 **“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;

3.7 **“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;

3.8 **“Company”** means Frick India Limited;

3.9 **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder;

3.10 **“Related Party”** shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

3.11 **“Related Party Transaction”** have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, 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 Company or any of its subsidiaries on the other hand;
- 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 with effect from April 1, 2023

regardless of whether a 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;
- (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 Frick India Limited 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 Frick India Limited or its subsidiaries to its directors, key managerial personnels or senior management, except who is 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 Listing Regulations.

3.12 **“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 transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. 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 individual 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

3.13 **“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 Companies Act, 2013, 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.

3.14 **“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.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

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)).

Frick India Limited has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI Listing Regulations:

➤ **Aggregate value of RPTs between a unique pair of transacting parties**

- 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. MANNER OF DEALING WITH RELATED PARTY TRANSACTION:

1. IDENTIFICATION OF RELATED PARTIES

The Company has formulated guidelines for identification and updating 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 SEBI Listing Regulations.

2. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also determining whether the transaction is in the ordinary course of business and at arm’s length basis and for this purpose, the Company will seek external expert opinion, if necessary.

3. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

3.1. Approval of the Audit Committee

- A.** All RPTs and subsequent material modifications shall be referred to the Audit Committee for prior approval, irrespective of its materiality. Chief Financial Officer will refer RPTs to audit committee for such approval. Further, any variations against the pre-approved transactions will be placed before the Audit Committee for ratification.

Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

The Audit Committee will take into account following considerations while dealing with the RPTs-

- Nature of relationship with the related party;
- Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;

- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.

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

- i. Related Party Transactions, where the listed subsidiary 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.
- ii. Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- iii. 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.
- iv. 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.
- v. remuneration and sitting fees paid by Tata Steel 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.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

3.2. Omnibus Approval

The Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to compliances with the conditions prescribed in paras 1 to 9 below:

1. 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; transactions which cannot be subject to the omnibus approval by the Audit Committee.
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 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;
 4. 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.
 5. 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;
 6. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.
 7. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
 8. Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.
 9. Any other conditions as the Audit Committee may deem fit.
- B. 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:
 - o Transactions which are not at arm's length or not in the ordinary course of business;
 - o Transactions which are not repetitive in nature;
 - o Transactions exceeding materiality thresholds as laid down in the Policy Transactions in respect of selling or disposing of the undertaking of the company.
 - o 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.
 - o Any other transaction as the Audit Committee may deem not fit for omnibus approval.
- C. Audit Committee has defined “**material modifications**” as following: Material Modifications of Related Party Transaction” in relation to the Company means and includes any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

3.3. 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:

- (i) 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;
- (ii) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- (iii) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.
- (iv) 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;

3.4. Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is related party to the particular transaction or not. (RP's can cast only negative vote to reject the shareholders resolution on 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, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- 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.
- 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.
- 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.

- Related Party Transactions of unlisted subsidiaries of the listed subsidiary of the Company, where the prior approval of the shareholders of the listed subsidiary is obtained.
- 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.

6. RATIFICATION OF RELATED PART TRANSACTION

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:

- 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 one crore;
- ii. the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- 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 sub-regulation (9) of this regulation;
- v. any other condition as specified by the audit committee;

Provided 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 listed entity against any loss incurred by it.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

The members of the Audit Committee, who are independent directors, may ratify the 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. Ratification is subject to certain conditions as specified in the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

8. POLICY REVIEW AND AMENDMENTS

- Any Changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board or Chief Financial

Officer of the Company subject to approval of Audit Committee. The Audit Committee/ Board will give suitable directions/guidelines to implement the same.

Company's Board will monitor the effectiveness and review the implementation of this Policy, considering its suitability, adequacy and effectiveness.

Company reserves the right to vary and/or amend the terms of this Policy from time to time.

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 place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.
- The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
- 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.

10. DISCLAIMER

The Policy does not constitute a commitment regarding the future events and transactions of Company, but only represents a general guidance regarding Related Party Transactions. The policy does not in any way restrict the right of the Board to use its discretion and the Board reserves the right to depart from the policy as and when circumstances so warrant.

In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

Given the aforementioned uncertainties, prospective or present investors are cautioned not to place undue reliance on any of the forward- looking statements in the Policy.

11. DISSEMINATION OF POLICY

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

12. REVIEW OF THE POLICY

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

13. COMPLIANCE RESPONSIBILITY

Compliance of this Policy shall be the responsibility of the Vice President - Financial Control & Business Analytics and the Company Secretary and Chief Legal Officer of the Company, severally, who shall have the power to ask for any information or clarifications from the management in this regard.

**The above Policy has been duly approved by the Board of Directors of Frick India Limited on 13.11.2025*