Terai Tea Co. Ltd.

POLICY ON

RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the "Board") of Terai Tea Co. Limited (the "Company") has adopted this Policy upon the recommendation of the Audit Committee and it includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges in India. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

DEFINITIONS

3.1 "Audit Committee or Committee" means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

3.2 "Board" means the Board of Directors of the Company as defined under the Companies Act,

3.3 "Key Managerial Personnel" means Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.

3.4 "Material Related Party Transaction" in terms of SEBI LODR means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

(i) involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements; and

(ii) in case of any other transaction(s), if the amount exceeds Rs. 1000 crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

3.5 "Related Party" means a related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement and as amended from time to time.

3.6 "Related Party Transaction" means transaction in the nature of contract involving transfer of resources, services or obligations between the Company or its subsidiaries on one side and the Related Party on the other side, regardless of whether a price is charged and also transactions the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.

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

The following shall not be termed as related party transaction –

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) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

(c) retail purchases from any listed entity or its subsidiary by its Directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and Directors.

3.7 "Relative" means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner-

a. Members of a Hindu undivided family;

b. Husband or wife;

c. Father (including step-father);

d. Mother (including step-mother);

e. Son (including step-son);

f. Son's wife;

g. Daughter;

h. Daughter's husband;

i. Brother (including step-brother); or

j. Sister (including step-sister).

3.8 "Transaction" with a related party shall be construed to include a single transaction or a group of transactions.

3.9 The terms Director and Key Managerial Personnel shall have the same meaning as assigned under the Companies Act, 2013.

4. POLICY

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

4.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Company Secretary on an annual basis:

1. Names of his/her Relatives;

2. Partnership firms in which he / she or his/her Relative is a partner;

3. Private Companies in which he/she is a member or Director;

4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;

5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions; and

6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and/or controls immediately on him/her becoming aware of such changes.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of-

1. All Directors and Key Managerial Personnel;

2. All individuals, partnership firms, companies and other persons as declared and

updated by Directors and Key Managerial Personnel;

3. Company's holding company, subsidiary companies and associate companies;

4. Subsidiaries of holding company;

5. Director or Key Managerial Personnel of the holding company or their Relatives;

6. All group entities; and

7. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement or the relevant Accounting Standard.

The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary. The functional / business heads /Chief Financial Officer/Company Secretary/ shall have access to the updated database. Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in Annexure 2 to this Policy.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

4.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting and abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such transaction is considered.

4.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Committee shall take into account all relevant facts and circumstances 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.

Prior to the approval, the Committee shall, Inter-alla, consider the following factors to the extent relevant to the transaction:

a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;

b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and Whether the Related Party Transaction would affect the independence or present a 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, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

4.2.2 APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

4.2.3 APPROVAL BY THE BOARD

If the 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 Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting 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.

42.4 PRIOR APPROVAL FOR UNLISTED SUBSIDIARY

(a) A related party transaction to which the Unlisted Subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit Committee of the listed entity 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;

(b) Prior approval of the audit Committee of the listed entity shall not be required for a related party transaction to which the Listed Subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI LODR are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (b) above, the prior approval of the audit Committee of the listed subsidiary shall suffice.

(c) 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 transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1.00 crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of regulation 23;

(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 regulation 23;

(v) any other condition as may be specified by Audit Committee from time to time and shall be deemed to be modified in this policy.

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.

4.2.5 STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

a. Name of the related party

b. Nature of the transaction

c. Period of the transaction

d. Maximum amount of the transactions that can be entered Into

e. Indicative base price/ current contracted price and formula for variation in price, if any

f. Such other conditions as the Audit Committee may deem fit.

In case if 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 Rs. 1.00 crore per transaction.

The audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The omnibus approval shall be valid for a period of one year.

4.2.6 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

4.2.7 TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

The following transactions which are not material, though related party transaction, are exempted and shall not come under ambit of any approval from the Audit Committee or the Board:

i. Remuneration and sitting fees paid by the listed entity or its subsidiary to its Director, Key Managerial Personnel or senior management, except who is part of promoter or promoter group; or

ii. Any other payment as may be permitted by SEBI LODR or other applicable laws from time to time and shall be deemed to be modified in this policy.

4.2.8 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

4.2.9 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In case any contract or arrangement is entered into by a Director or any employee, without obtaining the consent of the Board (in respect of transactions which are either not in the ordinary course of business or not at arms' length) or without obtaining approval in General Meeting (in respect of material related party transactions which are either not in the ordinary course of business or not at arms' length) due to any reasonable inability to seek approval Page 8 of 8 for such contract or arrangement, it shall be ratified by the Board or by the shareholders at General Meeting, as may be applicable, within 3 months from the date on which such contract or arrangement was entered into otherwise such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

4.10 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

1. The Company shall disclose on quarterly basis the information with respect to related party transactions as required in the compliance report on corporate governance under Regulation 27(2).

2. The Company shall submit information related to RPTs to the stock exchanges every six months, in the format specified by the SEBI LODR, simultaneously with the publication of financials and also publish the same on its website.

   Provided that 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 disclosure provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23 of SEBI LODR.

3. The Company shall disclose policy on dealing with Related Party Transactions on its website and its web-link shall be disclosed in the Annual Report.

5. LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement/Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

6. 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.

TERAI GROUP

TERAI TEA COMPANY LIMITED

SINCE 1973

ANNEXURE 1

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,
The Company Secretary/Compliance Officer
Terai Tea Co. Ltd.
East India House, 20B British Indian Street,
2nd Floor, Kolkata-700069

Dear Sir,

A. I, ……………………………………………, son/daughter/spouse of ……………………………………..………, resident of ……………………………………………………………………………………………….…., holding ……………. Shares (equity or preference) of Rs. 10/- each (……….. percent of the paid-up Capital) in the Company in my name, being a ……………………………………… in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sl.No	Name of the Companies/ Body Corporate /Firm/Associates of Individual	Nature of Interest or concern /change in interest or concern	Shareholding no. %	Date on which Interest or concern across / changed

B. The following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions:

sl.no.	Name of the Body Corporate

TERAI TEA COMPANY LIMITED
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c. List of Relatives

Sl.No.	Realtionship	Full Name	Address	Shareholding in the Company
1	Spouse			
2	Father (including Step-			
	Father)			
3	Son (including Step son)			
4	Daughter			
5	Daughter's Husband			
6	Brother (Including Step-			
7	Brother)			
8	Sister (Including Step- ister)			
9	Mother (including Step-Mother)			
10	Son's Wife			
11	Members of HUF			

Signature: ______________________________

Place: ______________
Date: ______________

Name: _______________________________
Designation: _____________________________

TERAI TEA COMPANY LIMITED

SINCE 1973

ANNEXURE 2

INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE EXTENT RELEVANT TO THE TRANSACTION):

1. Name of the Related Party and nature of relationship;
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
10. Justification as to the arm's length nature of the proposed transaction;
11. Declaration whether the transaction is in the ordinary course of business;
12. Persons / authority approving the transaction; and
13. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.