

**TIMKEN INDIA LIMITED**  
**(CIN: L29130KA1996PLC048230)**

**RELATED PARTY TRANSACTIONS - POLICY & PROCEDURES**

**A. PREAMBLE**

Timken India Limited (“the Company” or “Timken”) is dedicated to the highest standards of ethics and integrity and has successfully applied these standards to the business. Today, our responsibilities to the investment community demand an even greater dedication to these qualities; and after more than 100 years in business, ethics and integrity are still fundamental qualities at Timken. We have long standing policies and practices to ensure that our Company continues to be managed with integrity.

Accordingly, Timken is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that Related Party Transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors of the Company, adopts the following policy and procedures with regard to Related Party Transactions as defined below, inter alia in compliance with the requirements of Sections 177, 188 of the Companies Act, 2013 (the “Act”) and Regulation 23 of SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”).

**B. OBJECTIVE**

This Policy is designed to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of Related Party Transactions. The Board may amend this Policy from time to time as may be required.

The Audit Committee of Directors (“Audit Committee”), the Board/Shareholders shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

Any exceptions to the Policy on Related Party Transactions must be consistent with the Act, including the Rules there under, SEBI LODR and Accounting Standards as defined in the Act and must be approved in the manner as may be decided by the Board.

**C. TRANSACTIONS COVERED UNDER THIS POLICY**

Transactions covered under this Policy include any contract or arrangement with a related party with respect to transactions defined hereunder as “Related Party Transaction”.

## **D. DEFINITIONS**

1. “Board” means the Board of Directors of the Company.
2. “Related Party” means related party as defined in Section 2 (76) of the Act and Regulation 2(1) (zb) of the SEBI LODR.
3. “Relatives” means relative as defined in Section 2 (77) of the Act.
4. “Related Party Transactions” means transactions/contracts as defined in Section 188 of the Act and Regulation 2(zc) of the SEBI LODR.
5. “Material Related Party Transactions” means those Related Party Transactions as defined under Regulation 23 of SEBI LODR and presently it covers as follows:
  - Provided that 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
  - Transaction involving payments made to a related party with respect to brand usage or royalty to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
6. “Transactions on arm’s length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
7. “Material modification in Related Party Transactions” means increase of 20% and more in amounts of particular category of Related Party Transactions already approved by the Audit Committee/Board/Shareholders as the case maybe for particular year /period.

## **E. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

The Business Controller - India shall at all times maintain a database of Company’s Related Parties containing the names of individuals, body corporates and companies, identified on the basis of the definitions set forth in Definition Clause 2 & 3 above, along with their personal/company details including any revisions therein.

The Related Party List shall be updated whenever necessary, by Business Controller - India and shall be reviewed on a quarterly basis.

In determining whether to approve or not a Related Party Transaction, the Board/shareholders will take into account, among other factors, recommendations of the Audit Committee, whether the said transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the related parties.

## **F. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

All Related Party Transactions and subsequent material modifications therein shall be reviewed and approved in accordance with the provisions of the Act and SEBI LODR, as may be amended from time to time.

Where an omnibus approval is obtained, Business Controller - India/Company Secretary shall obtain details of the Related Party Transactions undertaken by the Company on a quarterly basis, review the value of such transactions and present the same before the Audit Committee. Audit Committee shall consider following criteria for giving omnibus approval:

- (i) Maximum amount of transaction in aggregate with one related party in one year generally should not exceed materiality threshold provided under SEBI LODR. Wherever maximum amount of transaction in aggregate with one related party in one year is exceeding materiality threshold provided under SEBI LODR, approval of shareholders should be obtained.
- (ii) The Audit Committee shall ensure that it has been provided with all relevant information as provided in SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 or such other information as per the Act, SEBI LODR mandates for giving omnibus approval.
- (iii) Audit Committee shall review on quarterly basis all Related Party Transactions for which omnibus approval has been granted.
- (iv) Unless prohibited by the Act or SEBI LODR or any other Act/Rules, all related party transactions shall be subject to omnibus approval provided such transactions are repetitive in nature and management provides justification for the need of omnibus approval.

Individual transactions with Related Parties, which are not in ordinary course of business and not on an arm's length basis, shall be accompanied with management's justification for the same. Before approving such transactions, the Independent Directors of Audit Committee will look into the interest of the Company and its stakeholders in carrying out the transactions and alternative options, if any, available. The Audit Committee may accordingly approve or ratify such transactions, in accordance with this Policy and/or recommend the same to the Board for approval if required.

The Independent Directors shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in ordinary course of business and not on arm's length and assure themselves that the same are in the interest of the Company and its shareholders.

The Company adopts the materiality thresholds given under the SEBI LODR and material Related Party Transactions and subsequent material modifications therein shall be approved by the shareholders as specified in SEBI LODR.

## **G. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

Where any contract or arrangement is entered into by a director or any other employee of the Company with a related party, without obtaining the consent of the Audit Committee, Board or approval by a resolution in the general meeting, where ever required and if it is not ratified by the Audit Committee, Board or by the shareholders as the case may be at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board/Audit Committee and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the director concerned shall indemnify the Company against any loss incurred by it.

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action as it deems appropriate.

## **H. RECORDS**

The Company shall maintain adequate records, either physically or electronically, as required under applicable laws, giving separately the particulars of all contracts or arrangements to which this Policy applies.

## **I. DISCLOSURES**

- (i) Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance as required by SEBI LODR.
- (ii) The Company shall disclose the contracts or arrangements entered into with the Related Parties in the Board Report to the shareholders along with the justification for entering into such contracts or arrangements as required under the Act.
- (iii) The Company shall disclose this Policy relating to Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report, only if required by the Act.
- (iv) The Company shall submit, disclosures on Related Party Transactions to Stock Exchanges in format specified by SEBI and publish the same on its website within timelines as mentioned in SEBI LODR.
- (v) This Policy is subject to the Act and SEBI LODR; in case of any conflict, provisions of the Act and SEBI LODR shall prevail over the Policy.
- (vi) Words not defined in the Policy shall have the same meaning as defined under the Act or SEBI LODR.