

POLICY ON MATERIALITY OF RELATED PARTY
TRANSACTIONS AND ON DEALING WITH RELATED PARTY
TRANSACTIONS

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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction & Background

Transcorp International Limited (the “Company”) recognises that related party transactions can present potential and actual conflict of interest and may raise questions about whether such transactions are consistent with the company and its stakeholder’s best interest.

2. Purpose

This policy aims to determine the materiality of Related Party Transactions (‘RPTs’) and to deal with RPTs of the Company.

This policy is prepared in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘Listing Regulations’) as amended from time to time, and Section 177 and 188 of the Companies Act, 2013 (the ‘Act’) read with Rules made thereunder, as amended from time to time.

3. Terms and References:

- 3.1 ‘Related Party’ and ‘Related Party Transactions’ (RPT) shall have the meanings ascribed to them under the Companies Act, 2013 and the Listing Regulations.
- 3.2 “Material RPT” means a RPT with thresholds as prescribed under the Listing Regulations
- 3.3 “Material Modification of a Related Party Transaction” means any subsequent change to an existing RPT, whose value of the modification exceeds 10% of the transaction value approved by the Audit Committee (the ‘Committee’).

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

4. Approval

Audit committee:

Prior approval of the Audit committee shall be required for:

- All RPTs and any subsequent material modification shall require prior approval of the Audit Committee (the 'Committee'). Further, only those members of the Committee who are Independent Directors shall approve RPTs.
- a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity.
- a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI LODR as amended from time to time.

Where Audit Committee does not approve the transaction, other than the transaction referred to in section 188, it shall make its recommendation to the Board of Directors.

All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Committee on a quarterly basis.

Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. And the omnibus shareholders' approval for material RPTs approved in an AGM shall be valid up to the date of the next AGM for a period not exceeding fifteen months.

RPTs which cannot be foreseen and where the details prescribed in the criteria for seeking omnibus approval are not available, the Committee may grant omnibus approval up to Rs. 1 crore per transaction.

Where any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit committee, it can be ratified by the Audit Committee within three months from the date of transaction. If it is not ratified within the prescribed period, such transaction shall be voidable at the option of the Audit Committee.

Board of Directors:

- a) Every “material RPT” and subsequent “material modifications’ as defined in Para 3 of this Policy, shall require prior approval of the shareholders. No Related Parties shall vote to approve the relevant transaction, irrespective of whether the entity is a related party to the particular transaction or not.
- b) All RPTs prescribed under Section 188 of the Act which are either not in the ordinary course of business or are not at arm’s length basis, shall require prior approval of:
 - i. Board; and
 - ii. Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. No Related Party shall vote to approve such transaction.

5. Material Related Party Transactions

Pursuant to the provisions of Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered ‘Material’ if the transaction to be entered into individually or taken together with previous transactions 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.

Pursuant to the provisions of Regulation 23(1A) of the Listing Regulations, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

6. Transaction with Wholly Owned Subsidiary

Provisions of regulation 23 (2), 23(3), 23(4) of Listing regulation shall not be applicable in the following cases:

- a) 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. Transactions of the Company with a wholly owned subsidiary subject to compliance with the provisions of Section 177 read with Section 188 of the Act.

- b) Transactions entered into between two wholly-owned subsidiaries of the company, whose accounts are consolidated with such company and placed before the shareholders at the general meeting for approval.

7. Disclosures

- a) Particulars of RPTs shall be disclosed in such manner and within such timelines as prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.
- b) This Policy shall be disclosed on the Company's website www.transcorpint.com and a web link thereto shall be provided in the Annual Report of the Company

8. Applicability & Amendment

Applicable provisions of the Companies Act, 2013 and the Listing Regulations pertaining to Related Party Transactions and dealing with Related Party Transactions which are not specifically covered in this Policy shall be deemed to form part of this Policy.

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

9. Review

This Policy will be reviewed as and when required but at least once in three years.

(Last Reviewed on 08th November 2023)