

Transpek Industry Limited – Policy on Related Party Transactions

1. Introduction:

Transpek Industry Limited ("the Company") has always been committed to good Corporate Governance practices. The Company is also 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 conflict of interest of the Directors, Senior Management etc. with the interest of the Company. As a matter of practice, the Company follows arm's length basis in transacting business with its related parties which are in the ordinary course of business.

The Board of Directors of the Company (the "Board") has adopted this Policy on the recommendation of the Audit Committee. This Policy includes materiality thresholds and the manner of dealing with the Related Party Transactions ("Related Party Transaction (RPT) Policy") in line with the requirements of Section 188 of the Companies Act, 2013 read with the Rules made thereunder (hereinafter referred to as "the Act"), Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Related Party Transactions (hereinafter referred to as "LODR"), the Companies (Auditor's Report) Order, 2016 and the Indian Accounting Standard (Ind AS) 24.

The Board of Directors of the Company will review amendments to this Policy from time to time.

This Policy applies to transactions between the Company and one or more of its related parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

2. Objective:

The Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015 with the Stock Exchange mandates formulation of a policy on materiality of related party transactions and also on dealings with related party transactions. This Policy has been framed for complying with this requirement.

The objective of this Policy is to ensure proper approval, disclosure and reporting of transactions, as applicable, between the Company and any of its related parties.

The provisions of this Policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions in terms of the applicable laws & good governance practices. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related parties. Further, the Board may amend this policy from time to time as may be required.

3. Applicability and governing law:

The RPT Policy will be applicable to the Company with respect to all Related Party Transactions covered within the scope of section 188 of the Act and SEBI LODR, 2015.

This Policy on Related Party Transactions shall be governed by the Act as may be in force for the time being as well as Regulation 23 of SEBI LODR, 2015 or such other Rules/Regulations, as may be notified by the Government of India, the Stock Exchange or SEBI from time to time. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modifications).

4. Key Definitions:

4.1 "Act" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

4.2 "Audit Committee" means the committee of the Board of Directors of the Company constituted under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013.

4.3 "Board of Directors" or "Board" in relation to the Company means the collective body of the Directors of the Company.

4.4 "Key Managerial Personnel" in relation to a Company means;

- (i) the Chief Executive Officer, or the Managing Director or the Manager,
- (ii) the Whole-time Director/s;
- (iii) the Company Secretary;
- (iv) Chief Financial Officer; and
- (v) such other officer/s as may be prescribed under the Act.

4.5 “Material Related Party Transaction” 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 listed entity as per the last audited financial statements of the listed entity, whichever is lower. Further, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction taken individually or taken together with previous transactions during a financial year exceeds 5% of the annual consolidated turnover of the Company.

4.6 “Subsequent material modifications” to the related party transactions” shall mean

- any change in the approved methodology of price or quantity computation; and/or
- an increase beyond 10% on the overall approved transaction amount for a Related Party

4.7 “Related Party”

As per Companies Act:

“Related Party”, with reference to the Company, shall have the meaning as defined in Section 2(76) of the Act;

As per LODR:

“Related Party”, with reference to the Company, shall have the meaning as in Section 2(76) of the Companies Act, 2013; or under the applicable accounting standards:

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party.

4.8 “Related Party Transaction” means:

Related party transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity 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:

Provided that the following shall not be a 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.....

4.8 “Relatives” with reference to any person shall have the meaning as defined in Section 2 (77) of the Act.

4.9 A “Transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

4.10 “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. For determining arm’s length basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961 and Organisation for Economic Cooperation and Development (OECD) Guideline.

4.11 “Policy” means the current policy on related party transactions, including amendments, if any, from time to time.

5. Policy

All Related Party Transactions (before being entered) must be reported to the Audit Committee for its prior approval based on this Policy.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate.

5.1 Identification of Potential Related Parties and Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or the Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or the Audit Committee may require. 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 prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

The Company Secretary shall at all times maintain a database of the Company’s Related Parties containing the names of individuals, Companies and entities, identified on the basis of the definition set forth in the Key Definition section above, along with their personal/company details including any revisions therein.

5.2 Review and approval of the Related Party Transactions

Approval process of the Audit Committee – Normal method:

All Related Party Transactions and subsequent material modifications shall require prior approval of the audit committee. Provisions relating to Regulation 23(2) and the amendments introduced to this

regulation shall be applied in this case from time to time. Based on the terms and conditions of a transaction, and applicable regulatory requirements, the Audit Committee will have the discretion to recommend / refer it for the approval of Board of Directors or Shareholders.

A related party transaction to which the subsidiary of the Company is a party but the Company is not, shall require the prior approval of the audit committee 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 consolidated turnover, as per the last audited financial statements of the Company.

Additionally, with effect from April 1, 2023, a related party transaction to which the subsidiary of the company is a party but the company is not a party, 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.

In the event such transaction, contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

All material related party transactions and subsequent material modifications (as defined above) thereto will require prior approval of the shareholders of the Company. Additionally, related party transactions which are not in the ordinary course of business, or not at arm's length price and exceed certain thresholds prescribed under the Companies Act, 2013 including Rules, shall also require shareholders' approval.

The requirement of passing shareholders' resolution shall not be applicable for transactions entered into between the Company and its wholly owned subsidiaries and 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.

The statutory auditors of the Company and/or any independent third party may review the material related party transactions of the Company.

No related party shall vote to approve on shareholders' resolutions whether it is a related party to the particular transaction or not.

Approval process of the Audit Committee – Omnibus approval

The Audit Committee may grant prior omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature and are in the ordinary course of business and satisfy the arm's length basis, subject to the compliance of conditions set forth in the Act and SEBI Regulations which are summarized as follows:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company ;
- c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, cumulative maximum amount of transaction that can be entered into; (ii) the indicative base price/current contracted price and the formula for variation in the price, if any; and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee can grant Omnibus approval for such transactions subject to their value not exceeding Rs.1.00 Crore per transaction.

Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.

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

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.

While seeking its approval, the Audit Committee shall be provided with necessary information with respect to actual or potential Related Party Transaction.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transactions:

- a) Whether the terms of the Related Party Transaction are fair and on an arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

- b) Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and alternatives, if any;
- c) Whether the Related Party Transactions would affect the independence of the Directors/KMP;
- d) Whether the proposed transaction involves any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- e) Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- f) 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 direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.

The Audit Committee shall decide whether a particular transaction requires approval of the Board of Directors and / or Shareholders in view of the provisions of the Act or SEBI Regulations or for any other reasons.

5.2.2 Prior approval of the Board of Directors under the Act:

Transactions with related parties within the scope of Section 188 of the Act which are either not in the ordinary course of business or are not at arm's length shall require prior approval of the Board of Directors.

If the Audit Committee determines that a related party transaction should be brought before the Board, or if the Board in any case decides 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 and the considerations set forth above under paragraph 5.2.1 shall apply to the review and approval of the matter by the Board of Directors, with such modifications, as may be necessary or appropriate under the circumstances.

Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and his presence shall not be counted for determining the presence of quorum when such transaction is considered.

6. Shareholders' approval requirements:

➤ Shareholder's approval shall be sought in the following cases as per the requirements of the Act:

- Transactions with the related parties covered within the scope of Section 188 of the Act, which are either not in the ordinary course of business or are not on an arm's length basis and exceed the threshold under the Act, shall require prior approval of the shareholders through an appropriate resolution.
- No member of the Company shall vote on the resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

➤ Shareholder's approval shall be sought in the following cases as per the requirements of SEBI LODR, 2015:

- All material related party transactions as defined in 4.5 above and subsequent material modifications as defined by the Audit Committee under sub-regulation (2) of Regulation 23 of SEBI LODR Regulations, 2015 shall require prior approval of the shareholders of the Company through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not:

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these 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.

7. Related party transactions not approved under this policy.

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 matter shall be reviewed 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 ratification, 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 Audit Committee under this Policy and failure of the internal control systems and shall take any such action and remedial measures as it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been undertaken without approval, it may direct additional actions as it deems appropriate including, but not limited to, discontinuation of the transaction or seeking the approval of the Board/shareholders, payment of compensation for the loss suffered etc. In connection with any review / approval of a Related Party Transaction, the Audit Committee has the authority to modify or waive any procedural requirements of this policy.

8. Disclosures of Related Party Policy

All Directors/KMP are required to disclose the parties to whom they are related as well as the entities in which they are interested/deemed to be interested in prescribed form at the time of their appointment, annually and whenever there is any change.

Further, each Director and KMP of the Company shall promptly notify the Secretarial Department of any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

Adequate disclosures of all related party transactions shall be made to the Audit Committee, stock exchanges, published on the Company's website and provided in the Annual Report and/or notice of the annual general meeting of the Company as per the Act and / or Listing Regulations.

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

9. Amendment in Law

Any subsequent amendment/modification in the Listing Regulations, SEBI LODR, 2015 and/or applicable laws in this regard shall automatically apply to this Policy and accordingly this Policy shall stand amended.

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