



TCI  
EXPRESS  
LIMITED

RELATED PARTY TRANSACTIONS POLICY

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## **I. Preamble**

The Board of Directors of the Company, has adopted the following policy with respect to Related Party Transactions, in compliance with the requirements of the Companies Act 2013 and Rules made thereunder and SEBI (Listing Obligation & Disclosure) Requirements, 2015 as amended from time to time.

This policy is intended to ensure procedural fairness, proper approval and reporting of transactions between the Company and any of its related parties.

## **II. Scope of the Policy**

This Policy sets out the guidelines and procedures that apply in respect of transactions entered into by the Company with a Related Party.

## **III. Definitions**

Please refer to **Annexure I**. Any term not defined in the said annexure shall have the same meaning as given in the Companies Act, 2013 and rules made thereunder and/ or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **IV. Related Party Transactions Statutory Approvals**

### **A. Audit Committee Approval**

All Related Party Transactions and any subsequent amendment shall require prior approval of the Audit Committee. The requirement of prior approval shall not be applicable in case of transactions entered into between a Holding Company and its Wholly Owned Subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

### **B. Board of Directors' Approval**

All related party transactions covered u/s 188 of the Companies Act, 2013 & rules made thereunder, detailed under Table A, which are not in ordinary course of business and/or on arm's length basis needs to be placed before the Board for their approval.

### **C. Shareholders' Approval**

#### **i. Companies Act, 2013**

The transactions, as mentioned under **Clause B** above, which are not in the ordinary course of the business and arms' length basis and which exceeds the limits, as mentioned hereinabove, require approval by the Board and subsequent prior approval of the shareholders as well.

#### **ii. SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015**

Under LODR, if the related party transaction (whether at arm's length or not) is MATERIAL, then it needs approval of the shareholders by way of Special Resolution.

In case Board refers a related party transaction for seeking approval of the shareholders as per the provisions of Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or otherwise, all the persons/entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is party to the particular transaction or not.

Table A		
Sl. No.	Nature of Transactions	Limits Defined
1	Renting/Leasing of property	Upto 10% of the net worth or Upto 10% of the turnover or Rs. 100 Crore, whichever is lower
2	Purchase/ sale of property	Upto 10% of the net worth or Rs. 100 Crore, whichever is lower
3	Purchase/sale of material, goods etc.	Upto 10% of the net worth or Rs. 100 Crore, whichever is lower
4	Availing/ Rendering Services	Upto 10% of turnover or Rs 50 Crore, whichever is lower

Table B	
Details required for Omnibus Approval of Audit Committee	
Sno	Particulars
1	The name/s of the related party
2	Nature of transaction
3	Period of transaction
4	Maximum amount of transaction that can be entered into
5	The indicative base price / current contracted price and the formula for variation in the price, if any
6	Such other conditions as the Audit Committee may deem fit

#### D. Transactions Which Do Not Require Approval

Notwithstanding the abovementioned, the following Related Party Transactions shall not entail any approval:

- i. Any transaction concerning providing of compensation to a director/KMP in connection with his duties to the Company including the compensation of reasonable business and travel expenditures incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from possession of securities issued by the Company and all holders of such securities obtain the same benefits pro rata as the Related Party.
- iii. Transactions available to all employees generally.

#### E. Related Party Transactions Not Approved Under This Policy

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee and/or Board, if applicable. The Committee/Board shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

## V. Procedure

### A. Ascertaining Related party

- I. Every director/KMP shall at the first meeting of the Board in which he participates as a director/KMP and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding in Form MBP-1.
- II. Company Secretary, based of declaration in MBP-1 and other available information shall identify all related parties.

CFO and Company Secretary shall at all times maintain a database of Company's Related Parties in Management Information System (MIS) & it shall be updated whenever necessary and shall be reviewed in each quarter. CEO, CFO and corporate functional heads would have access to this data base in ERP system.

### B. Identification and validation of related parties transaction

- i. Every Director, KMP, CEO/CFO & the Departmental Heads will be responsible for providing prior Notice to the Company Secretary/CFO of any potential transaction with Related Party.
- ii. The CEO/CFO & the Departmental Heads shall submit to the Internal Auditor the details of all existing/proposed transaction along with supporting documents as per *Table-C* below:
- iii. Internal Auditor shall submit his report to the Audit Committee giving his comments as to whether existing/proposed transaction(s) are on arms' length basis and in ordinary course of business having consideration to guidelines given as per **Annexure II**, where ever applicable.
- iv. Audit Committee will give due consideration to Internal Auditor's report while deciding whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

### C. Review and approval of Related Party Transaction

- a. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -
  - i. Name of party and details explaining nature of relationship;
  - ii. Name of the director or KMP, who is related, if any;
  - iii. Nature of transaction and material terms thereof including the value, if any;
  - iv. Business rationale for entering into such transaction;
  - v. Internal Auditor's report and supporting documents as *table-C*
  - vi. Nature, material terms, monetary value and particulars of contract or arrangement;
  - vii. Fair and on arm's length basis
  - viii. Whether the Related Party Transaction would affect the independence of an independent Director and
  - ix. Any other information relevant or important for the Committee to take a decision on the proposed resolution.

- b. All related party transactions should be pre-approved by the Audit Committee before entering into such transaction. However the Audit Committee may grant **Omnibus Approval** for related party transactions proposed to be entered into by the Company after satisfying itself the need of such omnibus approval and in best interest of the Company.
- c. Omnibus Approval, as specified above, shall be subject to following conditions:
  - i. The aggregate amount of transactions approved/to be approved under Omnibus Approval shall not exceed Rs. 20.00 Crores (Rupees Twenty Crores Only) in any year.
  - ii. The omnibus approval for any particular transaction shall not exceed Rs. 10.00 Crores (Rupees Ten Crores Only).
  - iii. The approvals so granted shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
  - iv. Omnibus approval shall not be granted in respect of following transactions:
    - a. Selling or disposing of any of the undertaking(s) of the Company;
    - b. Any transaction which is non repetitive in nature;
    - c. Any other transaction which the Audit Committee deems unfit for Omnibus Approval.
- d. In case the need for Related Party Transaction cannot be foreseen and aforesaid details as per table-B are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction and subject to condition as mentioned under Clause V (c) (iii) above.
- e. If the committee determines that the a related party transaction is (i) a Material related party transaction OR (ii) If covered under Table A, not in the ordinary course of business or not at the arm's length price, the committee shall place the matter along with recommendations before the board for obtaining its approval.

## **VI. DOCUMENTATION**

- a. The Company shall maintain a register, physically or electronically, giving separately the particulars of all contracts or arrangements to which this policy applies and such register shall be placed/taken note of before the meeting of the Board of directors.
- b. The Company shall maintain such register at the Corporate Office of the Company and provide extracts from such register to a member of the Company on his request, as per the applicable provisions of the Act.
- c. The register to be kept under this section shall also be produced at the commencement of every AGM of the Company and shall remain open and accessible during the continuation of the meeting to any person having the right to attend the meeting.
- d. The register shall be preserved permanently and shall be kept in the custody of the Company Secretary.

## **VII. Reporting & Disclosures**

The Company shall comply with all the reporting and disclosure requirements as may be prescribed from time to time in terms of applicable laws including the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **VIII. Amendment**

Though, the Audit Committee or Board shall have all the right to amend this Policy, however, this Policy may stand amended because of any regulatory amendments, clarifications etc. in the applicable laws. The amendment shall be deemed to be effective from the date on which such regulatory amendments, clarifications etc. comes into force.

## Annexure-I

### Definitions

- I. **“Act”** means the Companies Act, 2013 and the rules and regulations notified thereunder as amended from time to time.
- II. **“Arm’s Length Transaction”** means a transaction among two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- III. **“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.  
  
**Explanation.—“significant influence”** means control of at least twenty percent of total share capital, or of business decisions under an agreement.  
  
**Total Share Capital** means the aggregate of the paid-up Equity Share capital & Convertible Preference Share capital.
- IV. **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Companies Act, 2013.
- V. **“Board”** means Board of Directors of the Company.
- VI. **“Key Managerial Personnel”** means:
  - i) The Chief Executive Officer or the Managing Director or the Manager;
  - ii) The Company Secretary;
  - iii) The Whole-Time Director;
  - iv) The Chief Financial Officer; and
  - v) Such other officer as may be prescribed under the applicable statutory provisions/ regulations.
- VII. **SEBI (LODR)** means SEBI (Listing Obligations & Disclosure) Requirements, 2015.
- VIII. **“Material Related Party Transaction”** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statement of the company.
- IX. **“Omnibus Approval”** means a consolidated/standing approval given by the Committee in respect of transaction(s) which are repetitive in nature.
- X. **“Ordinary Course of Business”** may include the usual transactions, customs and practices of the company, or transactions permitted by the Object Clause in the Memorandum of Association of the Company.
- XI. **“Policy”** means Related Party Transaction Policy.
- XII. **“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if :
  - i. They are members of a Hindu undivided family;



- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother ( including step-brother)
- x. Sister (including step-sister)

XIII. **“Related Party”** means a person or entity that is considered to be related under:

- i. Section 2(76) of the Companies Act, 2013 and rules made thereunder, as amended from time to time i.e.
  - a. A director or his relative;
  - b. A key managerial personnel or his relative;
  - c. A firm, in which a director, manager or his relative is a partner;
  - d. A private company in which a director or manager is a member or director;
  - e. A public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
  - f. Anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
  - g. Any person on whose advice, directions or instructions a director or manager is accustomed to act;

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

  - h. Any company which is:
    - i. A holding, subsidiary or an associate company of such company; or
    - ii. A subsidiary of a holding company to which it is also a subsidiary.
  - i. A director or key managerial personnel of the holding company or his relative.
- ii. such entity is a related party under the applicable accounting standards , as amended from time to time.

XIV. **“Related Party Transaction”** means any transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and includes:

- a. sale, purchase or supply of any goods or material;
- 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. a Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives of the Company, and

(The above is an indicative list and not an exhaustive one).

XV. **“Transaction”** with related party shall be construed to include a single transaction or a group of transactions.

## **Annexure-II**

### **Guidelines on Determination of Basis of Arm's Length Price**

These are guidelines to employees on applying the arm's length principle .

The guidance on arm's length principle is applicable to all transactions, both local and cross-border, between TCI Express Limited and its related parties.

#### **Arm's Length Basis**

The arm's length principle requires the transaction with a related party to be made at similar terms & price under comparable conditions and circumstances as a transaction with an independent party.

The application of arm's length principle involves the identification of comparable situation(s) or transaction(s) undertaken by independent parties against which the related party transaction or margin is to be benchmarked. This step is commonly known as "comparability analysis". It entails an analysis of the similarities and differences in the conditions and characteristics that are found in the related party transaction with those in an independent party transaction.

#### **Factors Affecting Comparability**

##### **a- Characteristics of Goods, Services or Intangible Properties under transactions**

The specific characteristics of goods, services or intangible properties play a significant part in determining their values in the open market. For instance, a product with better quality and more features would, fetch a higher selling price.

##### **b- Analysis of Functions, Risks and Assets**

Proposed pricing depends on functional characteristics of the assets used and risks assumed. For instance, an entity selling a product with warranty should earn a higher return compared to another entity selling the same product without the provision of warranty. Likewise, a product with a reputable branding is expected to fetch a higher return compared to that of a similar product without the branding.

##### **c- Commercial and Economic Circumstances**

Prices may vary across different markets even for transactions involving the same property or services. In order to make meaningful comparisons of prices or margins between entities/transactions, the markets and economic conditions in which the entities operate or where the transactions are undertaken should be comparable.

##### **d- Government policies and regulations**

Such as price controls etc. may have an impact on prices and margins. Hence, the effects of these regulations should also be examined as part of the examination for comparability of the market and economic conditions.

**e- Commercial parlance, customs and trade practices**

Custom and trade practices in respect of particular transaction(s) are important in determining arm's length basis. For example, interest free security deposits given in property lease transactions.

**Concluding basis of Arm's length price**

Based on comprehensive assessment of outcome of comparability analysis, significant similarities and differences between the transactions/entities in question and those to be benchmarked against, adjustments could be made for material differences identified.

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