



# **T.C. TERRYTEX LIMITED**

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

### **Contents:**

1. Introduction and Background
2. Scope & Inclusion
3. Terms and References
4. Policy
5. Amendment
6. Review

### **1. Introduction and Background:**

**TC Terry Tex Limited** ("Company") recognizes that related party transactions can present potential or actual conflicts of interest and may raise concerns about whether such transactions align with the best interests of the Company and its stakeholders.

Related party transactions may create situations that need to be carefully examined and approved, ensuring compliance with good governance practices and the best interests of the Company and its shareholders. In line with the requirements set forth under the Companies Act, 2013 ("Act"), the rules thereunder, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), effective from December 1, 2015, the Company has formulated guidelines for identifying related parties and conducting and documenting all related party transactions appropriately.

Furthermore, Regulation 23(1) of the SEBI Regulations requires a listed company to formulate a Policy on the materiality of related party transactions and on dealing with related party transactions. In light of this, the Company has updated its Policy on Related Party Transactions ("Policy"). The Audit Committee will review and amend this Policy, as required, subject to approval by the Board.

This Policy is intended to establish procedures for the timely reporting, review, disclosure, and approval of all Related Party Transactions.

This Policy shall be subject to the provisions of the Act, SEBI Regulations, and the Securities Contracts (Regulation) Act, 1956. All terms used in this Policy shall bear the meanings as defined therein.



## 2. Scope & Inclusion:

This Policy defines the materiality of related party transactions and outlines the procedures for dealing with such transactions.

## 3. Terms and References:

### *Materiality of Related Party Transactions:*

A contract or arrangement with a related party shall be considered a material related party transaction if the transactions, individually or taken together with previous transactions during a financial year, exceed:

- **10%** of the annual consolidated turnover of the Company, as per the last audited financial statement, or such amount as may be prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), as amended from time to time.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction, individually or in aggregate with previous transactions during a financial year, exceeds:

- **5%** of the annual consolidated turnover of the Company, as per the last audited financial statement of the Company.

## 4. Policy:

- **Arms' Length Principle:** All related party contracts/arrangements shall be entered into on an arms' length basis.
- **Exceptional Circumstances:** In exceptional circumstances, where permitted by law, related party contracts/arrangements may deviate from the principle of arms' length, after obtaining approval from the Audit Committee and the Board of Directors, as applicable.
- **Compliance with Laws and Regulations:**
  - All related party contracts/arrangements must comply with the provisions of the Companies Act, 2013, the Listing Regulations, and applicable Accounting Standards, as amended from time to time.
  - Domestic related party contracts/arrangements must comply with the domestic transfer pricing requirements under Section 92BA of the Income Tax Act, 1961, including certification from independent accountants under the Transfer Pricing Regulations.
  - International related party contracts/arrangements must comply with the international transfer pricing requirements under Section 92B of the Income Tax Act, 1961, including certification from independent accountants under the Transfer Pricing Regulations.
- **Prior Approval Requirement:**
  - All related party contracts/arrangements shall require the prior approval of the Audit Committee, the Board of Directors, or the shareholders of the Company, as applicable, in accordance with the Act and Listing Regulations.



## 5. Amendment:

Any subsequent amendments or modifications in the Listing Regulations, the Act, or any other applicable laws, rules, or regulations impacting the provisions of this Policy shall automatically apply to this Policy. The relevant provisions of this Policy shall be deemed modified or amended to that extent, even if not specifically incorporated in this Policy.

---

## 6. Review:

The Policy and its material threshold limits shall be reviewed and approved by the Board of Directors at least once every three years, or as frequently as required under applicable regulations, and updated accordingly.

---

**This Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions** ensures that **TC Terry Tex Limited** adheres to regulatory requirements while maintaining transparency and fairness in its dealings with related parties.

\*\*\*\*\*