

TORRENT GAS LIMITED

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND
DEALING WITH RELATED PARTY TRANSACTIONS
(Ref: Regulation 23 of Listing Regulations)**

1. BACKGROUND

- A Torrent Gas Limited (the “Company” or “TGL”) recognizes that Related Party Transactions (“RPTs”) present potential or actual conflicts of interest and may raise questions about whether such transactions are in the interest of the Company.
- B The law and regulations applicable to listed entities for RPTs are enlisted below:
- I. The Companies Act, 2013 (“Act”)
 - Section 188 of the Act and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
 - Section 177 of the Act and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014
 - II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)
 - Regulation 18
 - Regulation 23
 - III. Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction” formulated by three Associations viz. ASSOCHAM, CII and FICCI under the aegis of the Stock Exchanges and in consultation with SEBI (“Industry Standard Note”)
- C The following is the list of previous policies on the matter prevailing for time periods specified there against.

Version No.	Board Approval	Policy	Applicable Time Period
1	June 22, 2022	Policy on Related Party Transactions	June 22, 2022 to January 16, 2026
2	January 16, 2026	Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions	---

2. SCOPE

This policy sets the definition of material RPTs and dealing with RPTs.

3. DEFINITIONS

All the words and expressions used herein shall have the same meaning ascribed to them in the Act, SEBI Act 1992, Listing Regulations or applicable rules and regulations made thereunder and any other relevant legislation applicable to the Company.

4. MATERIALITY OF RELATED PARTY TRANSACTIONS

The following shall be considered as material RPT.

- A Transaction with a related party shall be considered as material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the following:

Consolidated Turnover of the Company	Threshold
(I) Up to ₹ 20,000 Crore	10% of the annual consolidated turnover of the Company
(II) More than ₹ 20,000 Crore to upto ₹ 40,000 Crore	₹ 2,000 Crore + 5% of the annual consolidated turnover of the Company above ₹ 20,000 Crore
(III) More than ₹ 40,000 Crore	₹ 3,000 Crore + 2.5% of the annual consolidated turnover of the Company above ₹ 40,000 Crore or ₹ 5,000 Crore, whichever is lower.

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.

- B Transaction involving payments made to the Related Party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with the previous transactions during a financial year exceeds five percent of Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.

5. POLICY

- A Related Party Transactions / contracts / arrangements shall be in compliance with the provisions of the Act, Listing Regulations and applicable rules and regulations, as amended from time to time.
- B All related party contracts / arrangements shall be entered on an arm's length basis.

- C Related Party Contracts / arrangements may deviate from the principle of arm's length basis, provided: (a) it is specifically permitted by law or specifically not prohibited by law; and (b) after prior approval from Audit Committee ("AC"), Board of Directors and shareholders, as may be required.
- D All the RPTs and subsequent Material modifications shall require prior approval of the Audit Committee and all Material RPTs and subsequent Material modifications shall require prior approval of the Shareholders.

The Minimum Information as required by the Industry Standard Note shall be placed before the Audit Committee and /or the Shareholders as the case may be, while seeking their prior approval on the proposed RPTs.

"Material modification" shall mean any modification to RPT having variance of more than 20% of existing limit as may be approved by the Audit Committee, the Board of Directors and the Shareholders, as the case may be.

- E Audit Committee shall determine, based on facts and circumstances of the case, whether RPT is "in ordinary course of business" and whether a RPT is "on arm's length" basis.

"Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines, if required.

- F Audit Committee shall grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary in respect of each financial year prior to the start of the year to RPTs in accordance with the Act, the Listing Regulations and applicable rules and regulations.

- G The members of Audit Committee, who are Independent Directors, may ratify related party transactions within 3 (three) months from the date of transaction or in the immediate next Audit Committee Meeting, whichever is earlier in accordance with the provisions of the Companies Act, 2013 or Regulation 23(2)(f) of the Listing Regulations, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of Regulation 23;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of Regulation 23;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

- H The Audit Committee shall review on periodical basis:
 - I. RPTs undertaken during the period under consideration;
 - II. YTD status of RPTs under taken under omnibus approval granted by the Committee for the year.
 - III. status of long term (more than one year) or recurring RPTs on an annual basis.
- I The Audit Committee or the Board of Directors may appoint an external auditors/ independent consultant to review the material related party transactions from time to time.
- J Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.

6. REVIEW OF POLICY

- A The Company Secretary and in his absence the Chief Financial Officer shall amend this Policy consequent to changes in applicable laws and regulations. Any such change will be placed before the next Audit Committee and Board meeting.
- B The Company shall review the Policy every three years, unless such revision is necessitated earlier.
