# POLICY ON RELATED PARTY TRANSACTIONS

| Policy Version | Board Approval Date |
|---|---|
| Version 1 | 13.02.2024 |
| Version 2 | 23.03.2026 |

# POLICY ON RELATED PARTY TRANSACTIONS

## 1. Background

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) – Directions, 2025 ("RBI Directions"), Tata Capital Limited ("TCL" or "the Company") is required to formulate a Policy for identification of related parties and the proper conduct and documentation of all related party transactions.

Further, Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

Considering the above, TCL has framed this Policy on Related Party Transactions ("Policy") to ensure high standards of Corporate Governance while dealing with related parties.

## 2. Objective of the Policy

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company; and (c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

## 3. Definitions

All terms used in this Policy will have the meanings as assigned to them under the Act and the Rules made thereunder, SEBI Listing Regulations and applicable Accounting Standards, as amended from time to time.

## 4. Materiality Thresholds

Regulation 23 of the SEBI Listing Regulations requires a company to lay down materiality thresholds for transactions beyond which approval of the shareholders through a resolution will be required.

TCL has fixed its materiality thresholds at the level prescribed under explanation to Regulation 23(1) of the SEBI Listing Regulations as under:

a. In case of transaction involving payments made to a related party with respect to brand usage or royalty, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.

b. In case of any other Transaction, if the amount of the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified as below:

| **Consolidated Turnover of the Company** | **Threshold** |
|---|---|
| Up to Rs. 20,000 crore | 10% of the annual consolidated turnover of the listed entity |
| More than Rs. 20,000 crore to upto Rs. 40,000 crore | Rs. 2,000 crore + 5% of the annual consolidated turnover of the listed entity above Rs. 20,000 crore |
| More than Rs. 40,000 crore | Rs. 3,000 crore + 2.5% of the annual consolidated turnover of the listed entity above Rs. 40,000 crore or Rs. 5,000 crores, whichever is lower. |

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

## 5. Material Modification

Material modification of Related Party Transaction ("RPT") in relation to the Company means any modification, either individually or taken together with any previous modifications, made in the value / exposure, pricing / fee, rate, tenure or other such other key terms and conditions that may have a direct impact to the aforesaid parameters e.g. collateral / security conditions etc. having a variance of 20% or more vis-a-vis the original transaction already approved by the Audit Committee or Board or Shareholders, as the case may be, or such other modification as may be decided by the Audit Committee.

## 6. Manner of dealing with related party transactions

a. Identification of related parties

The Company has formulated a Framework for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under, Regulation 2(1)(zb) of the SEBI Listing Regulations and applicable Accounting Standards, as amended from time to time and other applicable laws.

b. Identification of related party transactions

The Company has formulated a Framework for identification of related party transactions in accordance with Section 188 of the Act and Rules framed thereunder, Regulation 2(1)(zc) of the SEBI Listing Regulations and RBI Directions. The Company has also formulated a Framework for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

c. Review and approval of related party transactions

i. Every related party transaction including Material Modifications thereto shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve such Related Party Transactions. Further, any member of the Audit Committee who has a potential interest in any related party transaction shall abstain from discussion and voting on the approval of the related party transaction.

ii. However, the Audit Committee may grant omnibus approval for recurring transactions with related parties, in compliance with requirements of the Act and the SEBI Listing Regulations. The Audit Committee shall review / note on a quarterly basis the details of such related party transactions entered by TCL pursuant to each of the omnibus approval given. The omnibus approval shall be valid for a period of one year.

Where the need for related party transaction cannot be foreseen and requisite details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

iii. The Audit Committee shall determine whether the transaction does, in fact, constitute a related party transaction requiring compliance with this Policy.

iv. Approval Matrix for related party transaction is, as under:

| Audit Committee Approval | Board Approval | Shareholders' Approval* |
|---|---|---|
| • All related party transactions including Material Modifications thereto be approved vide a resolution or covered under the Omnibus approval mechanism. | • Related party transactions referred by Audit Committee for approval of the Board.<br><br>• Related party transactions, to be approved by the Board, as required under the applicable Law / Regulations applicable to the Company.<br><br>• Related party transactions requiring shareholders' approval. | • Approval by resolution for:<br>a. Material related party transactions including Material Modifications thereto.<br><br>b. Related party transactions not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under the Act / Regulations applicable to the Company. |

*Notes:

- No related party shall vote to approve relevant shareholders resolutions irrespective of whether the entity is a related party to the particular transaction or not.
- The requirement for seeking shareholders' approval shall not be applicable to transactions as specified in the Framework for Related Party Transactions.

## 7. Disclosures

a. The Board's Report will contain details of contracts or arrangements or transactions (i) not at arm's length basis and (ii) material (based on the thresholds laid down under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014) contracts or arrangement or transactions at arm's length basis and / or in ordinary course of business, (iii) justification for entering into such transaction in accordance with the requirements of Companies Act, 2013 and rules made thereunder.

b. The Company shall submit disclosures of related party transactions along with the financial results for the half year on a standalone / consolidated basis, in the format specified by the SEBI, from time to time, and publish the same on its website.

c. As prescribed under the SEBI Listing Regulations, this Policy shall be hosted on the Company's website at http://www.tatacapital.com.

## 8. Review of the Policy

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once a year and updated accordingly based on the recommendations of the Audit Committee.

*Provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.*