

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

A. INTRODUCTION

The Board of Directors (the “Board”) of Trilogic Digital Media Limited (the “Company”) has adopted the following policy (“Policy”) on materiality of Related Party Transactions and dealing with Related Party Transactions. The policy is framed as per requirement of the Equity Listing Agreement with the Stock Exchanges and The Companies Act 2013.

B. DEFINITIONS:

a. “Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

b. “Audit Committee” means the Audit Committee of the Company constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act, 1956 (now Section 177 of the The Act) and Clause 49 of the Listing Agreement with the Stock Exchanges.

c. “Board” means the Board of Directors of the Company.

d. “Directors” mean Directors of the Company.

e. “Key Managerial Personnel” means

1. Chief Executive Officer or the Managing Director or the Manager;
2. Whole-time director;
3. Chief Financial Officer;
4. Company Secretary; and
5. such other officer as may be prescribed

f. “Policy” means the Company’s Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

g. “Related Party” with reference to the Company means a person or entity which is a Related Party under Section 2(76) of The Act, or such entity is a related party under the applicable accounting standards

h. “Related Party Transaction” or “(RPT)” means transactions as given under clause (a) to (g) of section 188 and / or as defined in sub-clause (A) of clause 49(VII) of the Listing Agreement.

i. “Relative” means a relative defined under the Companies Act, 2013.

j. “Material Related Party Transaction (Material RPT)” shall mean related party transactions to be entered individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the company.

k. “The Act” means The Companies Act, 2013.

Any term not defined herein shall have the same meaning as assigned thereto in the Companies Act, 2013, Listing Agreement for equity shares or any other applicable law or regulation.

C. IDENTIFICATION OF RELATED PARTIES AND TRANSACTIONS:

1. Every Director and Key Managerial Personnel will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or a Director;
4. Public Companies in which he / she is a Director and holds along with his/her relatives more than 2% of paid up share capital
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions;
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013 and Clause 49. Any transaction by the company with a Related Party will be regulated as per this Policy.

D. TYPE OF TRANSACTION:

1. Sale, purchase or supply of any goods or materials
2. Selling or otherwise disposing of, or buying, property of any kind
3. Leasing of property of any kind
4. Availing or rendering of any services
5. Appointment of any agent for purchase or sale of goods, materials, services or property
6. Related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company
7. Underwriting the subscription of any securities or derivatives thereof, of the company.

E. PROCEDURES

1. All Related Party Transactions (RPTs) of the company as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement will be approved by the audit committee of the Board from time to time.
2. Each Director who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Committee concerning such Related Party Transaction and his or her interest in such transaction.
3. Management shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:
 - a. A general description of the transaction(s), including the name of the related party and nature of relationship, duration of the contract and particulars of the contract or arrangement, maximum amount of transaction that can be entered into, the material terms and conditions.
 - b. The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
 - c. The manner of determining the pricing and other commercial terms, the indicative base price /current contracted price and the formula for variation in the price if any.
 - d. any advance paid or received for the contract or arrangement, if any and the approximate value of the transaction(s) and the approximate value of the Related Party's interest in the transaction(s)
 - e. In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made in the financial year.
 - f. In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.
 - g. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors and any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).
4. Consent of the Board and the Shareholders would also be taken in respect of all RPTs, provided that such consent would not be required in the following cases:
 - a. The transactions are entered into by the company in its ordinary course of business and are on an arms' length basis; and

b. The transaction / transactions to be entered into individually or taken together with previous transactions during a financial year does not exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

All material RPT shall require approval of shareholders through special resolution.

5. Where Board consent / shareholders' approval is required as per para 4 above, a) the agenda of the Board meeting at which the resolution is proposed to be moved and b) explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details / information about the contract as are prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

6. Where RPTs require approval of the Board and the shareholders through special resolution as per para 4 above, (a) any director who is interested in any contract or arrangement with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract or arrangement and b) such Related Party(ies) shall abstain from voting on such resolutions of the shareholders.

7. If a Related Party Transaction will be ongoing/ proposed to be entered into by the company, the Committee may grant omnibus approval for ongoing dealings/ proposed related party transactions. Such omnibus approval shall specify

(i) the name/s of the related party, nature of transaction, period of transaction, 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.

If the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding one crore per transaction. The Audit Committee shall lay down the criteria /guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the company. Such approval shall be applicable in respect of transactions which are repetitive in nature and only for one year.

8. The Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

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

F. 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 forthwith by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders,. In connection with any review of a RPT, the Audit Committee has authority to modify any procedural requirements of this Policy.

G. DISCLOSURES

Appropriate disclosures as required under the Act and the Listing Agreement will be made in the Annual / Board's Report and to the Stock Exchanges. The Company Secretary of the Company shall be responsible for ensuring that the required disclosures relating to RPTs are duly made.

H. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all 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.

This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Clause 49 of the Listing Agreement or such other Rules / Regulations, as may be notified by SEBI from time to time.