



**TRIVENI TURBINE LIMITED**  
**RELATED PARTY TRANSACTION POLICY**

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### **1. Preamble**

The Board of Directors (the “Board”) of Triveni Turbine Limited (the “Company”) has, on the recommendation of the Audit Committee, approved and adopted this revised Policy at their meeting held on 1<sup>st</sup> February’2022, with regard to related party transactions (RPTs) , in order to set forth a mechanism for identification, reporting, review and approval of such transactions, in line with the relevant provisions of the Companies Act, 2013 read with Rules framed thereunder [“Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 [“Listing Regulations”), as amended from time to time.

### **2. Applicability and Effective Date**

This revised policy will be effective from April 01, 2022 to regulate transactions between the Company and its related parties based on the applicable laws and regulations. In case any provisions of the Policy are contrary to or inconsistent with the provisions of applicable laws, the provisions of applicable law shall prevail.

### **3. Purpose**

This Policy is framed as per requirements of the Act and Listing Regulations, and is intended to ensure that all such transactions are approved by relevant authorities as prescribed under law and there is a proper reporting and disclosure of such transactions between the Company and its Related parties. The policy sets up a mechanism to ensure that such transactions take place in an equitable manner, in the best interest of the Company and its shareholders and no undue benefit is given to the Related Parties.

### **4. Definitions**

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder.

“**Arm’s-length basis**” means a transaction between two Related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s length basis, guidance may be taken from provisions of transfer pricing under Income Tax Act, 1961.

“**Audit Committee or Committee**” means the committee of Board of Directors of the Company constituted under relevant provisions of the Listing Regulations and Act.

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

“**Control**” shall have the same meaning as defined in Companies Act 2013 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key managerial personnel**” means the person(s) as defined under the Act and includes

- (i) Chairman and Managing Director, or Vice Chairman and Managing Director, or a Whole-time Director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

**“Material related party transaction”** means a transaction with a Related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered individually or taken together with previous transactions during a financial year exceed five percent of the annual consolidated turnover of the Company as per its last audited financial statements.

**“Material Subsidiary”** A subsidiary shall be determined as material, if its income or net worth exceeds ten percent of the consolidated income or net worth respectively of Triveni Turbine Limited and its subsidiaries in the immediately preceding accounting year.

**“Material modification”** means any subsequent change, to an on-going or proposed Related party transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of varying the approved value of the transaction by 20 % or Rs. 10 crore, whichever is lower.

**“Policy”** means Related party transaction policy.

**“Related party”** means a related party as defined under the Act and the Listing Regulations, as amended from time to time.

**“Related party transaction”** means a related party transaction as defined under the Act and the Listing Regulations, as amended from time to time.

**“Relative”** means a relative as defined under the Act and the Listing Regulations, as amended from time to time.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules framed thereunder and Listing Regulations, as amended from time to time.

## **5. Policy**

All Related party transactions must be reported to the Audit Committee and after due evaluation, these are entered into only after securing approvals as are required under the applicable laws and regulations. Further, all necessary disclosures are made as required under the applicable laws.

### **5.1 Monitoring Committee**

A committee of the CFO and the Company Secretary will be responsible for setting up a system to identify, regulate, analyze and seek approval of such transactions. The monitoring committee will analyze Related party transactions to evaluate whether or not the transactions are in the ordinary course and are at Arm’s length basis. The committee may seek help of other management personnel or external agencies, if required.

### **5.2 Identification of potential Related party transactions**

- a. All Directors and Key managerial personnel of the Company are required to disclose, the entities in which they or their relatives are or are deemed to be interested, in the prescribed form. Any

changes from an earlier reported status shall be communicated immediately upon such change occurring, so that the list of related parties is kept updated.

- b. The list of Related parties will be made available to the nominated representative of all the Business groups of the Company.
- c. At the beginning of the year, each Business Group will present details of different categories of Related party transactions which are likely to be entered into during the year along with estimated amount, period, rationale, pricing and commercial terms. Likewise, all emergency Related party transactions not reported earlier will also be reported.
- d. The Business groups shall not to enter into any Related party transaction unless the approval by competent authority, including conditions and terms, if any prescribed, is conveyed to them.

### **5.3 Approval related to Related party transactions**

- (i) All Related party transactions and subsequent modifications thereto shall require prior approval of the Audit Committee. Any extensions to a previously approved related party transaction must also be approved by the Audit Committee. However, the Audit Committee may grant omnibus approval for related party transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's length basis, subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and Rule 6A of the Cos. (Meetings of Board and its Powers) Rules 2014 of the Act, as amended from time to time.
- (ii) A Related party transaction to which a subsidiary of the Company is a party but the Company is not a party, shall require the prior approval of the Audit Committee of the Company, if the value of the transaction, whether entered individually or taken together with previous transactions during the financial year, exceeds the threshold limits prescribed under the Listing Regulations, as amended / applicable from time to time. Any Material modification of a Related party transaction to which a subsidiary of the Company is a party but the Company is not a party, shall also require prior approval of the Audit Committee of the Company. However, prior approval of the Audit Committee of the Company shall not be required for such Related party transactions (including in respect of any Material modification thereto) as mentioned in this clause, if the subsidiary is a listed entity and the provisions of regulation 23 and sub-regulation (2) of regulation 15 are applicable to such listed subsidiary of the Company.
- (iii) All Related party transactions entered into (a) between the Company and any of its wholly owned subsidiary, and (b) between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at general meeting for approval, shall not require prior approval of the audit committee and the Shareholders of the Company

All Material Related party transactions and subsequent material modification thereto as per Regulation 23 of the Listing Regulations, or all Related party transactions referred to in Section 188(1) of the Act, which are not determined to be at Arm's-length basis or which are not in the ordinary course of business of the Company and exceeds certain thresholds prescribed under the Act, shall require prior approval of the Board and also of the shareholders of the Company through a resolution. In such a case, any member of the Company who is a Related party, irrespective of being a party to such transaction or not, shall not vote to approve such a resolution. The prior approval of the shareholders of the Company shall however not be

required for a Related party transaction to which a listed subsidiary (if any) is a party and the Company is not a party, if regulation 23 and sub-regulation 2 of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

#### **5.4 Review and Approval of Related party transactions**

All Related party transactions will be referred to the Audit Committee for review and approval, provided that only those members of the Audit Committee, who are independent directors, shall approve such transactions.

To review a Related party transaction, the Committee will be provided with all relevant material information of the Related party transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related party, and any other relevant matters. In determining whether to approve a Related party transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related party transaction:

- ✓ Whether the terms of the Related party transaction are fair and on Arm's-length basis to the Company and would apply on the same basis if the transaction did not involve a related party;
- ✓ Whether the Related party transaction would affect the independence of an independent Director;
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ Whether the pre-approval of the transaction was sought and whether the post-facto ratification would be detrimental to the Company; and
- ✓ Whether the Related party transaction would present an improper conflict of interest for any Director or Key managerial personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, executive officer or other related party, the direct or indirect nature of the Director's, Key managerial personnel's or other related party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related party transaction should be brought to the attention of the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related party transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances. Any member of the Board who has a potential interest in such Related party transaction will rescue himself or herself and abstain from discussion or voting on the approval of such Related party transaction.

In connection with any review of a Related party transaction, the Board / Audit Committee has authority to modify or waive any procedural requirements of this Policy.

Notwithstanding the foregoing, the following Related party transactions shall not require approval of the Audit Committee, Board of Directors or shareholders:

- i) Transactions that involve appointment and remuneration/compensation to a Director or Key managerial personnel in connection with his or her duties to the Company or any of its subsidiaries or associates in accordance with the applicable laws;
- ii) Transactions in which the related party's interest arises solely from the ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the related party, including but not limited to payment of dividend, issuance of securities by way of rights issue, bonus issue, corporate restructuring such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. in accordance with the applicable laws;
- iii) Transactions available to all employees generally;
- iv) Transactions involving reimbursement of expenses to a Director / Key managerial personnel in connection with discharge of their official duties or functions, in the ordinary course of business and as per rules of the Company.
- v) Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the CSR Committee and the Board.
- vi) 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.
- vii) Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

#### **5.5 Related party transactions not approved under this Policy**

In the event the Company becomes aware of a Related party transaction with a Related party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval/ratification from the Audit Committee, the Board and/or Shareholders, as may be required under the applicable laws / regulations. In case the Company is not able to take such prior approval(s), as the case may be, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical, but not later than three months from the date it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy. Failing to do so, the contract or transaction shall be voidable at the option of the Audit Committee /Board / Shareholders, as the case may be, and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

#### **6. Disclosure**

The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013 shall be disclosed in the annexure of Directors' Report

Disclosure of all related party transactions, in the specified format, shall be submitted to the stock exchanges on half-yearly basis, as per the manner and timelines set out in the Listing Regulations and the same shall be published on the Company's website.

The Company shall disclose the policy on dealing with Related party transactions on its website and a

web-link thereto shall be provided in the annual report of the Company.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

**7. Policy Review/Amendment+**

The Board may as per the recommendations of audit committee amend this Policy, as and when deemed fit. However, this Policy shall be reviewed by the Board of Directors of the Company at least once in every three years and updated accordingly.

In case of any modification(s), amendment(s), clarification(s), circular(s), re-enactment etc. issued by the relevant statutory 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.

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