

TORRENT POWER LIMITED

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

1. Background

- A Torrent Power Limited (the "Company" or "TPL") recognizes that Related Party Transactions ("RPTs") present potential or actual conflict of interest and may raise questions about whether such transactions are in the interest of the Company.
- B The law and regulations applicable to the 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	July 28, 2014	Related Party Transactions Policy duly amended on November 04, 2014	October 01, 2014 to February 05, 2019
2	February 05, 2019	Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions	February 05, 2019 to May 10, 2022

Version No.	Board Approval	Policy	Applicable Time Period
3	May 10, 2022	Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions	May 10, 2022 to July 30, 2024
4	July 30, 2024	Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions	July 30, 2024 to February 04, 2025
5	February 04, 2025	Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions	February 04, 2025 to November 11, 2025
6	November 11, 2025	Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions	--

2. Scope

This policy sets the definitions 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, the SEBI Act 1992, the 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 Rupees One Thousand Crore or ten percent of Annual Consolidated Turnover of the Company, whichever is lower as per the last audited financial statements or such sum as may be prescribed under the Listing Regulations and as amended from time to time.
- 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, the 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 recommendation of the Audit Committee, for prior approval of the Board of Directors and/ or Shareholders, as the case may be.
- 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 AC 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 or ₹ 10 Crore whichever is lower 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 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 listed entity 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 AC, who are Independent Directors, may ratify related party transactions within 3 (three) months from the date of transaction or in the immediate next AC Meeting, whichever is earlier in accordance with the provisions of the Companies Act, 2013 or the Listing Regulations.
- H 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 Board meeting.
- B The Company shall review the Policy every three years, unless such revision is necessitated earlier.
