



TD POWER SYSTEMS LIMITED

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POLICY FOR DETERMINING MATERIAL RELATED PARTY TRANSACTION (“POLICY”)

(Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended) (Hereinafter called as “LODR”)

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- Adopted by the Board of Directors on February 03, 2016
- Modified on February 06, 2020

1. Objective:

The objective of this Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company in this regard and to ensure proper approval and reporting of transactions between the Company and its Related Parties.

2. The Regulatory Framework:

The Companies Act 2013 together with the Rules notified thereunder and Regulation 23 of the SEBI LODR Regulations (together referred to as “the applicable laws”), provide a framework for regulating transactions with Related Parties.



3. Definitions:

- a) **“Audit Committee”** means Committee of Board of Directors of the Company constituted under the applicable laws.
- b) **“Board”** means Board of Directors of the Company.
- c) **“Company”** means TD Power Systems Limited.
- d) **“Key Managerial Personnel” or “KMP”** means:
- i. The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
 - ii. The Company Secretary;
 - iii. The Whole-time director
 - iv. The Chief Financial Officer (CFO) and
 - v. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;
- e) **“Material Related Party Transaction”** means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
- i. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 2% of the annual consolidated turnover of the Company as per its last audited financial statements; ***(With effect from April 01, 2019)***
 - ii. In case of any other transaction(s), if the amount exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements.
- f) **“Policy”** means Policy on Related Party Transactions.
- g) **“Related party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards;

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party. ***(With effect from April 01, 2019)***



h) **“Related party transaction”** means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

i) **“The Act”** means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”).

All other words and expressions used but not defined in this policy, shall have the same meaning as prescribed under the Companies Act, or rules made thereunder or SEBI LODR, or Accounting Standards or any other relevant legislations as may be applicable to the Company.

4. Policy:

- i. All related party transactions shall require prior approval of the audit committee.
- ii. While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders as the case may be.
- iii. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the condition mentioned in LODR.
- iv. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- v. The audit committee shall review on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approvals.
- vi. Any member of the Audit Committee interested in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.
- vii. All material related party transactions shall require approval of shareholders through an ordinary resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party or not to the transaction.
- viii. In the event a related party transaction is covered by applicable provisions of the Companies Act, 2013, the Company shall comply with such provisions including requirements as prescribed under the LODR.



5. General:

1. Any transactions with wholly owned Subsidiaries of the Company are exempted from compliance of the policy.
2. The policy shall be reviewed by the board of directors at least once every three years and updated accordingly as may be deemed necessary by the Board of Directors and to comply with any regulatory requirements. ***(With effect from April 01, 2019)***
3. Every contract of arrangement, which is required to be approved by the Board/Shareholders under this policy, shall be referred to in the Board's report to the shareholders along with justification for entering into such contract or arrangement. Appropriate disclosures as required under the Laws shall be made to Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.
4. Further, the Company shall provide additional disclosures on related party transactions as required under the LODR.
5. In any circumstances, where the terms of the Policy differ from any existing or enacted Law(s), Rule(s), Regulation(s) governing the Company, then such Law(s), Rule(s) or Regulation(s) shall prevail over this Policy.

Place: Bangalore

