

RELATED PARTY TRANSACTION (RPT) POLICY

1. PREAMBLE

The Board of Directors (the “Board”) of Triton Valves Limited (the “Company” or “TVL”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below in compliance with the provisions of section 188 of the Companies Act, 2013 and Rules made thereunder and any subsequent amendments thereto (the “Act”) and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), in order to ensure the transparency and procedural fairness of such transactions.

The Board of Directors will review and amend this policy from time to time as and when necessary or required. The Audit Committee/Board/General Meeting, as applicable shall, subject to requirements of the Act and this Policy review, approve and ratify (if permissible) the Related Party Transactions in terms of the requirements of this Policy.

2. OBJECTIVE

This Policy is intended to ensure the proper approval 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.

Provisions of this Policy are designed to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this Policy from time to time as may be required.

The Audit Committee of Directors (“Audit Committee”), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and must be approved in the manner as may be decided by the Board of Directors.

3. DEFINITIONS

3.1 "Act" shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications or re-enactment thereof.

3.2 "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 the provisions of Transfer Pricing under Income Tax Act, 1961 including any modifications, amendments, clarifications or re-enactment thereof.

3.3 **“Associate Company”**, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company.

Explanation- For the purposes of this clause, “Significant Influence” means Control of at least twenty percent of total share capital, or of business decisions under an agreement.

3.4 **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

3.5 **“Board” or “Director”** shall mean Board of Directors of the Company.

3.6 **“Company”** means Triton Valves Limited.

3.7 **“Control”** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of the Company shall not be considered to be in control over such company, merely by virtue of holding such position.

3.8 **“Key Managerial Personnel”** means Key Managerial Personnel as defined under the Act and include

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole time Director;
- (ii) Company Secretary and
- (iii) Chief Financial Officer.

3.9 **“Related Party”** means related party as defined under the Act and the Listing Regulations;

3.10 **“Related Party Transactions”** is a transfer of resources, services or obligations between a Company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

3.11 Materiality Condition

1. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
2. With effect from July 01, 2019, 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 into individually or taken together with previous transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3.12 “Relatives”, with reference to any person, means anyone who is related to another, if-

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other personas:
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister(including step-sister)

3.13 “Transaction”: A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

3.14 “Turnover” shall have the meaning ascribed to it under section 2(91) of the Act.

3.15 “Office or place of profit” means any office or place -

- (i) where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

3.16 “Policy” means the Related Party Transaction Policy.

4. POLICY

All Related Party Transactions must be reported to the Audit Committee/Board and referred for approval by the Committee/Board/Shareholders in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

4.2 Restrictions for Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. 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;

Provided that where 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 Rs.1 crore per transaction.

- d. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year"

Further, All material Related Party Transactions shall require approval of the Shareholders through resolution and no Related Party shall vote to approve on such resolutions whether the entity is a Related Party to the particular transaction or not.

4.3 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

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:

- a) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- b) Whether the Related Party Transaction would affect the independence of an independent director;
- c) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- d) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- e) 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 before 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- a) transactions entered into between two government companies;
- b) 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;
- c) Any transaction that involves the providing of 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, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business; and
- d) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company enters into a Related Party Transaction without the prior approval of the Audit Committee/Board, and such matter is discovered later, then the same shall be put up before the Audit Committee/Board at the next following meeting. The reasons for not getting the same approved by the Audit Committee/Board shall be made explicit. The Audit Committee/Board may at its sole discretion permit such deviation and may approve the same.

In the event the transaction is not approved and the transaction has not yet been concluded, the transaction shall be cancelled forthwith and all advances, if any, made shall be recovered from the concerned party failing which necessary disciplinary action will be taken against the concerned Head of Commercial/Accounts/Unit.

6. REVIEW OF POLICY

The Policy shall be reviewed by the Audit Committee/Board at least once in every three year and update accordingly.

7. DISCLOSURES

- a) Details of all material transactions with related parties are to be disclosed quarterly along with the Compliance Report on Corporate Governance.
- b) The Company shall disclose the contract or arrangements entered into with the

Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.

- c) The Company shall disclose this policy relating to Related Party Transactions on its website and also in the Annual Report.
- d) The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

8. AMENDMENTS TO THE POLICY:

9.1 The Members of the Audit Committee and Board of Directors can amend this Policy, as and when deem fit. Any or all the 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.

9.2 The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

****Amended provisions as per the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018***
