

## TENNECO CLEAN AIR INDIA LIMITED

### POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

#### 1. Purpose and Scope

This policy (“**Policy**”) for determining materiality of related party transactions and dealing with related party transactions entered into by Tenneco Clean Air India Limited (“**Company**”) has been adopted by the Company pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**Listing Regulations**”).

#### 2. Definitions

- 2.1. “**Act**” means the Companies Act, 2013, as amended from time to time and the rules framed thereunder;
- 2.2. “**Industry Standards**” shall mean the Industry Standards on “Minimum information to be provided for review of the Audit Committee and Shareholders for Approval of Related Party Transaction” as notified by the Securities Exchange Board of India (‘SEBI’), as amended from time to time.
- 2.3. “**Material modification**” means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 10% or more or by which the transaction ceases to be in ordinary course and/or on arm’s length basis or such other parameter as may be determined by the Audit Committee from time to time.
- 2.4. “**Related Party**” means a related party as defined under section 2(76) of the Act or under the applicable accounting standards. Provided that:
  - (a) any person or entity forming a part of the promoter or promoter group of the Company; or
  - (b) any person or any entity, holding equity shares of 10% (ten percent) or more, in the Company either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year shall be deemed to be a related party.
- 2.5. “**Related Party Transaction**” or “**RPT**” means a transaction involving a transfer of resources, services, or obligations between:
  - (a) the Company or any of its subsidiaries on one hand and a Related Party of the Company or any of its subsidiaries on the other hand; or
  - (b) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of

the Company or any of its subsidiaries, regardless of whether a price is charged, and a “transaction” with a Related Party will be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a Related Party Transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
    - (i) payment of dividend;
    - (ii) subdivision or consolidation of securities;
    - (iii) issuance of securities by way of a rights issue or a bonus issue; and
    - (iv) buy-back of securities.
  - (c) Retail purchases from the Company or its subsidiary by the directors or key managerial personnel of the Company or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.
  - (d) Any transaction pertaining to remuneration (including any variation thereof) of Directors, KMPs, who are not part of the promoter / promoter group, that has already been approved by the Nomination and Remuneration Committee of the Company and the Board;
  - (e) Shares based incentive plans for the benefit of Directors, MC Members or KMPs, which are also extendable to other employees of the Company, approved by the Shareholders including ESOPs.
  - (f) Corporate actions which are uniformly applicable to all Shareholders including Related Parties;
  - (g) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Act or the SEBI Listing Regulations;
  - (h) Contribution to Corporate Social Responsibility (CSR) obligations, subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.
- 2.6. “**Relative**” means relative as defined under section 2(77) of the Act and rules prescribed thereunder.
- 2.7. “**Specified RPT**” means a contract or arrangement between the Company and a related party (as defined under section 2(76) of the Act) with respect to:
- (a) sale, purchase or supply of any goods or materials;
  - (b) selling or otherwise disposing of, or buying, property of any kind;
  - (c) leasing of property of any kind;

- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's (as defined under section 2(76) of the Act) appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the Company.

Any other term and expressions not defined in this Policy, shall have the meaning as assigned to them under Listing Regulations and the Act.

### 3. Materiality of Related Party Transactions

- 3.1. **“Material Related Party Transaction”** means a transaction with a Related Party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Regulation 23 read with Schedule XII of the Listing Regulations, which is stated as follows:

<b>Consolidated Turnover of Listed Entity Threshold</b>	<b>Threshold</b>
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the Company.
(II) More than Rs. 20,000 Crore to up to Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the Company above Rs. 20,000 Crore.
(III) More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the Company above Rs. 40,000 Crore or Rs. 5,000 Crores, whichever is lower.

For the purpose of computing the threshold stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.

- 3.2. Without prejudice to Clause 3.1 above, a Related Party Transaction involving payments by the Company to a Related Party with respect to brand usage or royalty shall be considered a Material RPT if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

### 4. Identification of related parties and potential Related Party Transactions

Each director and key managerial personnel of the Company is responsible for:

- (a) Disclosing (and periodically updating) to the company secretary of the Company, particulars of his/her Relatives and his/her interest in any other Person, that may fall within the definition of a “Relative” or “Related Party”.
- (b) Providing notice to the company secretary of the Company from time to time of any potential transaction involving them or their Relative or any other Person, that

may fall within the definition of a “Relative” or “Related Party”, including any additional information about the transaction that the Audit Committee/Board may reasonably request with respect to such Person or transaction.

- 4.1. The Chief Financial Officer, in consultation with the audit committee of the Company, (“**Audit Committee**”), shall be responsible for determining whether a transaction constitutes a Related Party Transaction.
- 4.2. Further, all subsidiaries of the Company, before entering into a Related Party Transaction which may require approval of the Audit Committee & shareholders of the Company, as the case may, under this Policy, bring to the attention of the Company about such proposed Related Party Transaction(s), so that the requisite approvals can be obtained.
- 4.3. 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.

## **5. Audit Committee’ Approval**

- 5.1. All Related Party Transactions and subsequent Material Modifications thereto shall require the prior approval of the Audit Committee.
- 5.2. Only those members of the Audit Committee who are independent directors shall approve the Related Party Transactions. In case the Audit Committee does not approve a Related Party Transaction (other than a Specified RPT), it shall make its recommendations to the Board of Directors of the Company (“**Board**”).
- 5.3. A related party transaction above rupees one crore to which any subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered individually or taken together with previous transactions during a financial year exceeds the lower of the following:
  - (i) 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
  - (ii) The threshold for material related party transactions of the Company as specified in Schedule XII of the Listing Regulations as defined in 3.1 of this policy; or
  - (iii) Such other thresholds as may be specified under the Act/Listing Regulations.

However, the same will not be required in case the subsidiary is a listed company to which Regulation 23 is applicable.

- 5.4. A related party transaction above rupees one crore entered into by the subsidiary of the Company, to which the Company is not a party, and such subsidiary does not have audited financial statements for a period of at least one year, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds the lower of the following:
  - (i) 10% of the aggregate value of the paid-up share capital and securities premium account of the subsidiary; or

- (ii) The threshold for material related party transactions of the Company as specified in Schedule XII of the Listing Regulations as defined in 3.1 of this policy.

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

- 5.5. Prior approval of the Audit Committee is not required, for a related party transaction to which a listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary. In case of related party transactions entered into by an unlisted subsidiary of such listed subsidiary, the prior approval of the audit committee of the listed subsidiary would suffice.
- 5.6. Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not a Material RPT in terms of the provisions of this Policy.
- 5.7. To review and approve a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, in accordance with the Listing Regulations and relevant SEBI circular(s) issued from time to time.
- 5.8. The information shall include the Minimum Information to be placed before the Audit Committee as required under the Industry Standards, as applicable or any guidelines specified by SEBI from time to time.
- 5.9. The Audit Committee may grant omnibus approval (“**Omnibus Approval**”) to the Related Party Transactions proposed to be entered into by the Company or its subsidiary, subject to the following conditions:
  - (a) the Audit Committee shall lay down the criteria for granting the Omnibus Approval, in accordance with this Policy and the Listing Regulations and such approval shall be applicable in respect of transactions which are repetitive in nature;
  - (b) the Audit Committee shall satisfy itself of the need of the Omnibus Approval and that such approval is in the interest of the Company;
  - (c) the Omnibus Approval shall specify:
    - (i) the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transactions that shall 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.

In case the need for the Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant an Omnibus Approval for such transactions, subject to their value not exceeding such limits as may be prescribed under

applicable law from time to time per transaction.

Provided further that Omnibus Approval shall not be made for Related Party Transactions in respect of disposing or selling of an undertaking of the Company or such other transactions as may be specifically mentioned under the Act and the Rules and Listing Regulations.

- 5.10. The Omnibus Approvals given by the Audit Committee shall be valid for a period not exceeding 1 (one) financial year and fresh approvals will be required on the expiry of 1 (one) financial year.
- 5.11. The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transaction entered into by the Company or its subsidiary pursuant to each of the Omnibus Approvals given.

Any member of the Board who has any interest in any RPT will recuse himself/herself and abstain from participation, discussion and voting on the approval of the RPT.

Where the Board has not accepted the recommendations of Audit Committee, the same shall be disclosed in the Boards' Report and Corporate Governance Report along with the reasons thereof.

In all cases where shareholder approval for RPT is required, the same should be placed before the Board for its recommendation to the shareholders.

## **6. Shareholders' Approval**

- 6.1. All Material RPTs and any subsequent Material Modifications thereto, require the prior approval of the shareholders of the Company ("**Shareholders**") through a resolution. No Related Party of the Company shall vote to approve on such Shareholders' resolution, irrespective of whether such Related Party is a Related Party to the particular transaction or not.
- 6.2. No prior approval of the Shareholders is required for a Material RPT to which a listed subsidiary of the Company is a party but the Company is not a party, if Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary. In case of Material RPTs entered into by an unlisted subsidiary of such listed subsidiary, the prior approval of the shareholders of the listed subsidiary would suffice.
- 6.3. The omnibus approval granted by the shareholders for all the Material RPTs in an annual general meeting shall be valid till the date of next annual general meeting held within the timelines prescribed under Section 96 of the Act or rules, notifications, or circulars issued thereunder from time to time. Further, for the omnibus approvals for Material RPTs granted by shareholders in general meetings/postal ballot process, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

## **7. No prior approval required**

The requirement of obtaining prior approval, as specified under paragraph 4, 5 and 6 above, is not applicable for the following Related Party Transactions:

- (a) Related Party Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the Shareholders at a general meeting of the Company for approval;
- (b) Related Party Transactions entered into between two wholly owned subsidiaries of the Company whose accounts are consolidated with the accounts of the Company and placed before the Shareholders at a general meeting of the Company for approval.
- (c) Such other transactions as specified may be exempted under the Listing Regulations and/or the Act from time to time.

## **8. Specified RPTs**

- 8.1. The Company shall not enter into a Specified RPT, except with the prior approval of the Audit Committee. Further, the Company shall not enter into a Specified RPT which is not: (a) on an arm's length basis; and (b) in the ordinary course of business, except with the prior approval of the Board.
- 8.2. Any Specified RPT which exceeds the thresholds prescribed under the Act read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, and which is not on an arm's length basis or in ordinary course of business, cannot be entered into by the Company except with the prior approval of the Shareholders by a resolution.

No Shareholder shall vote on such resolution to approve the Specified RPT if such Shareholder is a Related Party.

No prior approval of the Shareholders is required for a Specified RPT entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the Shareholders at a general meeting of the Company for approval.

## **9. Related Party Transactions not approved under this Policy**

- 9.1. In the event the Company becomes aware of any Related Party Transaction that has not been approved under this Policy, the matter shall be brought to the notice to the Audit Committee at the earliest but not later than 30 (thirty) days from the date it is identified by the Company.
- 9.2. The members of the Audit Committee who are independent directors may ratify Related Party Transactions within 3 (three) months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:
  - (i) the value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year, does not exceed INR 1,00,00,000 (Indian Rupees One Crore);
  - (ii) the transaction is not a Material RPT as per this policy and regulation 23 of the Listing Regulations; the rationale for the inability to seek prior approval for the transaction is placed before the Audit Committee at the time of seeking ratification;

(iii) the details of ratification is disclosed along with the disclosures of RPTs in terms of paragraph 10 of this Policy; and

(iv) any other condition as specified by the Audit Committee.

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction has been entered into with a Related Party of any director of the Company, or if such transaction has been authorized by any other director of the Company, the director(s) concerned shall be liable to indemnify the Company against any loss incurred by it.

9.3. In the event a Specified RPT is entered into by a director or any other employee of the Company, without obtaining the consent of the Board or the Shareholders, as required by paragraph 8 above, and it is not ratified by the Board or, as the case may be, by the Shareholders at a meeting within 3 (three) months from the date on which such Specified RPT was entered into, such Specified RPT shall be voidable at the option of the Board or, as the case may be, of the Shareholders. In the event such Specified RPT has been entered into with a Related Party of any director of the Company, or if such Specified RPT has been authorized by any other director of the Company, the director(s) concerned shall be liable to indemnify the Company against any loss incurred by the Company.

## **10. Disclosures**

10.1. The Company shall disclose this Policy as required under the Listing Regulations, on its website and provide a weblink for where the Policy is disclosed in its annual report.

10.2. The Company shall make disclosures on Related Party Transactions in its annual report, in the format prescribed in the Listing Regulations. Additionally, the Company shall make such disclosures to the stock exchanges on which its securities are listed (“Stock Exchanges”), within the timelines, as specified by SEBI from time to time.

10.3. Details of Related Party Transactions shall be disclosed in the report of the Board as required under Section 134(3) of the Act and in the financial statements of the Company as required under applicable accounting standard(s).

10.4. Necessary entries of the Specified RPTs shall be made in the Register of Contracts or Arrangements in which Directors are interested, as maintained under Section 189 of the Act.

## **11. Amendment, Review and Effectiveness**

11.1. This Policy will be subject to review by the Board at least once every 3 (three) years or at any earlier intervals as and when deemed necessary by the Board. In the event of any conflict between the terms of this Policy and applicable law (including the Listing Regulations and the Act), the provisions of the applicable law shall prevail.

11.2. This Policy is approved and adopted by the Board at its meeting held on 15<sup>th</sup> May 2025, from which date, this Policy shall be effective.