



Transformers and Rectifiers (India) Limited

Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions

Last amended on	Authorised by
01 st August, 2025	Board of Directors

1. Introduction

The Board of Directors (the “Board”) of Transformers and Rectifiers (India) Limited (the “Company” or “TARIL”), acting upon the recommendation of its Audit Committee, has adopted this Policy on materiality of related party transactions and on dealing with related party transactions.

2. Purpose

This policy is framed keeping in view the requirement of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. This policy recognises that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about favourable treatment in terms of pricing or other conditions which may affect the financial position or profitability of the company.

The Board of the Company understands the importance of stakeholder’s confidence and trust in the Company. The policy aims to ensure that all the transactions with the related parties are in the best interests of the Company and its stakeholders.

This policy sets out definition of materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions.

3. Definitions

- a. “**Act**” means the Companies Act, 2013, including any statutory modification(s), amendment(s), or re-enactment(s) thereof.
- b. “**Board**” means the Board of Directors of Transformers and Rectifiers (India) Limited.
- c. “**Company**” or “**TARIL**” refers to Transformers and Rectifiers (India) Limited.
- d. “**Audit Committee**” means the Committee of Board of Directors of the Company constituted under applicable provisions of the Act and the Listing Regulations.
- e. “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent modifications or amendments thereof (SEBI LODR).
- f. “**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

- g. **“Ordinary Course of Business”** means a transaction which is:
- i. covered in the object clause of the Memorandum of Association of the Company
 - ii. repetitive/ frequent in nature
 - iii. normal and otherwise routine in the particular business
 - iv. common in a particular industry
 - v. in furtherance of business objectives and/ or business purposes of the Company.

The above list is indicative, and the Audit Committee shall assess transactions on basis of its type & nature.

- h. **“Related Party”** means related party as defined in sub-section (76) of Section 2 of the Act and Regulation 2(1)(zb) of the Listing Regulations.
- i. **“Related Party Transaction”** means
- (i) a transaction between the Company and Related Party which is of the nature specified in clauses (a) to (g) of Section 188(1) of the Act; and
 - (ii) a transaction involving transfer of resources, services or obligations between the parties as specified in Regulation 2(1)(zc) of Listing Regulations.

However, the transactions specifically exempted under Regulation 2(1)(zc) of Listing Regulations or any other applicable laws shall not be regarded as Related Party Transactions.

- j. **“Material Related Party Transaction”** means a transaction with a Related Party which is material in accordance with the thresholds as prescribed in Regulation 23 of the Listing Regulations.
- k. **“Material Modifications”** in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the approved value of the relevant related party transaction / contract / arrangement as approved by the Audit Committee and / or Shareholders of the Company, by 20% or more.

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and other applicable laws for time being in force.

4. Governing Framework:

4.1 Identification of Related Parties

In terms of the applicable provisions of the Act, all the Directors and KMPs are responsible for providing written notice to the Company informing their concern and interest in the other entities, from time to time.

On the basis of criteria prescribed under the applicable laws and as per the aforesaid declaration(s)/ disclosure(s)/ notice(s) received from the Directors and KMPs, the list of related parties of the Company and of its subsidiary companies are compiled and updated from time to time.

Notice of any potential Related Party Transaction to be given well in advance to the Board/ Audit Committee. It shall contain adequate information about the Related Party transaction(s) and provides the Board/Audit Committee members sufficient time and information to consider and review the proposed transaction(s).

4.2 Review and approval of Related Party Transactions by the Audit Committee

Unless otherwise provided under applicable laws, all the transactions which are identified as Related Party Transactions and material modifications/ subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the Act and/or Listing Regulations. The Audit Committee shall consider all relevant factors before granting its approval to the proposed transaction.

The Audit Committee shall also approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a party, if the value of the proposed transaction(s) exceeds the thresholds as prescribed under the Listing Regulations.

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature, subject to such criteria/conditions as mentioned under Regulation 23 of Listing Regulations or any other applicable provisions and on such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee may also grant omnibus approval for Unforeseen Related Party Transactions in the manner specified under the Listing Regulations and subject to their value not exceeding rupees one crore per transaction.

The Audit Committee shall consider the factors and criteria as specified in the Act and Listing Regulations before granting any approval.

Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to the Omnibus Approval accorded, on a quarterly basis.

Only those members of Audit Committee who are Independent Directors, will approve Related Party Transactions. Any member of Audit Committee having a potential interest in the proposed RPT, shall recuse himself and abstain from discussion and voting on the proposal for approval of the said transaction.

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the conditions specified in the Act and Listing Regulations.

Failure to seek ratification of the audit committee within 3 months of the date of the transaction or at the next meeting of the Audit Committee, whichever is earlier may render the transaction voidable at the option of the Audit Committee.

4.3 Approval of Board of Directors

Following Related Party Transactions shall require prior approval of the Board of Directors of the Company:

- i. Transactions specified in Section 188(1) of the Act which are not in the ordinary course of business and/or not on arm's length terms.
- ii. Material Related Party Transactions which are proposed to be placed before the Shareholders for approval.
- iii. Related Party Transactions where Audit Committee of the Company is of the opinion that the same should be brought before the Board of Directors or if the Board of Directors suo moto decides to review any such transaction.
- iv. Related Party Transactions for which approval of the Board of Directors is mandatory under any applicable law for time being in force.
- v. Any Material Modification to the Related Party Transactions which was earlier approved by the Board of Directors.
- vi. Any other transaction as may be required by the Shareholders from time to time.

Any Director having a potential interest in the proposed RPT will recuse himself and abstain from discussion and voting on the proposal for approval of the said transaction.

4.4 Approval of Shareholders

Following Related Party Transactions shall require prior approval of the Shareholders of the Company:

- (i) Material Related Party Transactions and Material Modifications thereto.
- (ii) Transactions specified in Section 188(1) of the Act which:
 - are not in the ordinary course of business and/or not on arm's length terms; and
 - exceed the threshold specified in Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification or reenactment thereof.

No Related Party shall vote to approve any transaction covered above, whether the entity is a related party in the context of particular transaction or not.

5. Deemed approval

Transactions or arrangements which are specifically dealt in terms of specific provision(s) of the applicable laws and executed under separate procedures/ approvals mechanism shall not be required to be approved under this Policy, including but not limited to the following:

- a. Payment of remuneration in any form (including sitting fee, commission, ESOPs, shares based incentive plans, etc.) to any Director, Key Managerial Personnel and Senior Management except who is part of promoter or promoter group, provided that the same is not a Material Related Party Transaction.
- b. CSR Contribution and other charitable contribution as approved by CSR Committee.
- c. Corporate actions 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.
- d. Corporate Restructuring such as merger, demergers, capital reductions etc.
- e. Other transactions or arrangements exempted under the Act and/or Listing Regulations.

6. Exceptions

The approval of the Audit Committee or Board or Shareholders of the Company shall not be required for the following Related Party Transactions:

- a. Transactions entered into between the Company and its wholly-owned subsidiary company whose accounts are consolidated with the Company and placed before the Shareholders of the Company at the general meeting for approval.
- b. Transactions entered into between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the Shareholders of the Company at the general meeting for approval.

- c. Any other transaction for which approval of the Audit Committee or Board or Shareholders, is not required or is exempt under the Act, Listing Regulations or any other applicable law.

7. Related Party Transactions not approved under this Policy:

In the event any Director, KMP, any other officer of the Company becomes aware of any Related Party Transaction that is in deviation of this Policy and/or has not been approved under this Policy prior to its consummation, such person shall promptly notify the matter to the Company Secretary of the Company who shall ensure that the same is placed before the Audit Committee/ Board of Directors (as applicable) at the earliest but not later than first meeting of the Audit Committee or Board of Directors held after the date of such intimation.

The Audit Committee/ Board of Directors (as applicable), shall consider all the relevant facts & circumstances regarding the said transaction and shall evaluate all the options available to the Company such as ratification, revision, termination etc. of the said Related Party Transaction in terms of the provisions of applicable laws.

The post facto approval/ ratification granted by the Audit Committee, the Board and/ or shareholders shall not be deemed to violate this policy and the said transaction would not be invalid or unenforceable, subject to compliance of applicable laws.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee as appropriate, may direct that additional actions including, but not limited to immediate discontinuation or rescission of the transaction.

Audit Committee/ Board of Directors (as applicable) shall have the power to modify or waive any procedural requirement of this Policy.

8. Review and Amendments

This Policy shall remain in force unless amended or withdrawn and shall be subject to review by the Board of Directors atleast once in three years.

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant

provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.
