TRANSRAIL LIGHTING LIMITED

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

1. Title

This policy shall be called the Policy on materiality of related party transactions and dealing with related party transactions ("Policy").

2. Commencement

2.1 The Policy shall come into force with effect from the date of listing of the equity shares of face value of Rs 2 each of Transrail Lighting Limited (the "Company") on BSE Limited and National Stock Exchange of India Limited and further amended by the Board of Directors at their meeting held on 23rd May, 2025.

3. Objective

3.1 Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder ("Companies Act") and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations™) require the companies to have enhanced transparency and due process for approval of the related party transactions. Further, the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)"("Industry Standards") were introduced to ensure that the related party transactions are conducted transparently, fairly and in the best interests of the Company and its shareholders. The detailed disclosures ensures that the Audit Committee and the shareholders have relevant data to assess the transaction's nature, terms, and potential impact on the Company and to facilitate informed decision-making.

Pursuant thereto, Section 188 of the Companies Actand Regulation 23 of the SEBI Listing Regulations require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board.

3.2 Accordingly, the board of directors ("Board") of the Company has adopted the following policy with regard to related party transactions. The Audit Committee of the Company will review this policy once in three years and propose any modifications to the Board for approval.

4. Definitions

i. "Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest

ii. "Audit Committee" means the audit committee of the board of directors of the Company.

iii. "Board" means the Board of directors of the Company.

iv. "Company" means Transrail Lighting Limited.

v. "Key Managerial Personnel" or "KMPs" means Key Managerial Personnel as defined under the Act and includes:
   a. Managing Director, or Chief Executive Officer or Manager;
   b. the Whole Time Director;
   c. Company Secretary;
   d. Chief Financial Officer;
   e. 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; and
   f. such other officer as may be prescribed.

vi. "Material Modification" to any Related Party Transaction shall mean any change (increase or decrease in the consideration for such transaction, taken individually or together with such Related Party in the financial year) in such transaction amounting to 10% or more of the consolidated turnover of the Company.

vii. "Material Related Party Transaction" as set out in Schedule I.

viii. "Ordinary Course of Business" with reference to a transaction with a related party means a transaction which is:
   a. carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
   b. historical practice with a pattern of frequency;
   c. common commercial practice; or
   d. meets any other parameters / criteria as decided by the Board/Audit Committee, from time to time.
   e. "Policy" means this policy, as amended from time to time.

ix. "Related Party" in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act, and Regulation 2 (1) clause (zb) of SEBI Listing Regulations or under applicable accounting standards, each as amended

x. "Related Party Transaction" as defined in Regulation 2 (1) (zc) of SEBI LODR, 2015, means 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, with effect from April 1, 2023; 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, and includes transactions as defined as a "related party transaction" under the relevant provisions of the Companies Act, the SEBI Listing Regulations or any other related law, regulation, standard, each as amended.

   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:

      - payment of dividend;
      - subdivision or consolidation of securities;

- issuance of securities by way of a rights issue or a bonus issue; and
- buy-back of securities.

c. acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

xi. "Relative" means any person as per Section 2(77) of the Act and rules prescribed there under and as per Regulation 2(1) (zd) of the SEBI LODR Regulations as amended from time to time, means anyone who is related to another, if:

a. They are members of a Hindu Undivided Family; or

b. They are husband or wife; or

c. One person is related to the another in the following manner, namely:
- Father, includes step-father
- Mother, includes step-mother
- Son includes step-son
- Son's wife
- Daughter
- F) Daughter's husband
- Brother includes step-brother
- Sister includes step-sister

xii. "Senior Management" or "SMP" shall mean the officers and personnel of the issuer who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are - not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial & Officer.

5. Interpretation

5.1 Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.

5.2 The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.

5.3 In case of any dispute or difference upon the meaning / interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

6. Procedure

6.1 Disclosure by Directors and Promoters

6.2 Every director and promoter shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

6.3 Directors and promoter are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.

6.4 Identification of Transaction with Related Parties

6.5 Each director, KMP is responsible for providing notice to the Company 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. Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.

6.6 Each director, KMP shall make an annual declaration as per the provisions of the Companies Act and the rules framed thereof with respect to Related Party transactions to the Company in the last month ending before the financial year and this declaration shall be placed before the Audit Committee and the Board at their first meeting held at the succeeding financial year.

6.7 Any change in the list of Relatives shall be intimated by the Directors and KMPs by way of a fresh declaration to the Company.

7. Approval of Related Party Transactions by Audit Committee

7.1 Related party transactions along with subsequent material modifications will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014.

7.2 All the transactions which are identified as Related Party Transactions and subsequent Material Modifications to such Related Party Transactions, should be preapproved by the Audit Committee of the Company before entering into such a transaction. Provided that only those members of the audit committee, who are independent directors, shall approve such Related Party Transactions.

7.3 With effect from April 1, 2023, a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual Standalone turnover, as per the last audited financial statements of the Subsidiary.

7.4 Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party.

7.5 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 material.

7.6 The Audit Committee shall consider the following factors along with the information as per Industry standards while deliberating the related party transactions for its approval:

i. Name of party and details explaining nature of relationship;
ii. Duration of the contract and particulars of the contract and arrangement;
iii. Nature of transaction and material terms thereof including the value, if any;
iv. Manner of determining the pricing to ascertain whether the same is on arm's length;
v. Business rationale for entering into such transaction; and
vi. Any other information relevant or important for the Board to take a decision on the proposed transaction.

7.7 In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
ii. Whether there are any compelling business reasons/ rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
iii. Whether the Related Party Transaction would affect the independence of independent director;
iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
v. 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
vi. 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.

7.8 The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions:

i. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
iii. 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;
iv. 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;
v. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given; and
vi. 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 following conditions:

a. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
b. the transaction is not material in terms of the provisions of this regulation
c. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
d. the details of ratification shall be disclosed along with the disclosures of related party Transactions.
e. any other condition as specified by the audit committee:
f. 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 is with a related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

vii. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

viii. Information to be reviewed by the Audit Committee for approval of RPTs:

The Company shall provide the following information along with the information as per Industry standards, for review of the audit committee for approval of a proposed RPT:

1. Type, material terms and particulars of the proposed transaction;
2. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
3. Tenure of the proposed transaction (particular tenure shall be specified);
4. Value of the proposed transaction;
5. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
6. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
   a. details of the source of funds in connection with the proposed transaction;
   b. where any financial indebtedness is incurred to make or give loans, inter corporate deposits, advances or investments,
      • nature of indebtedness;
      • cost of funds; and
      • tenure;
   c. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
   d. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
7. Justification as to why the RPT is in the interest of the listed entity;
8. A copy of the valuation or other external party report, if any such report has been relied upon;
9. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
10. Any other information that may be relevant.

8. Board of Directors

8.1 In case of Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.

8.2 Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the -resolution relating to such contract or arrangement.

8.3 The policy shall be reviewed by the Board at least once every three years.

9. Shareholder approval

9.1 All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

9.2 If a related party transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

9.3 However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company, and transactions entered into between two-wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

9.4 The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement. Additionally, the information shall be in line with industry standards.

a. A summary of the information provided by the management of the listed entity to the audit committee as specified in point 4.1.6.(vi) above;
b. Justification for why the proposed transaction is in the interest of the listed entity;
c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point VI (6) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
f. Any other information that may be relevant

10. Process for Dealing with Related Party Transactions

10.1 A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.

10.2 Basis the aforesaid list of related parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.

10.3 The contract / arrangement shall not be entered into without the necessary approval from the Audit Committee / Board / shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

11. Reporting of Related Party Transactions

11.1 Every contract or 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 the justification for entering into such contract or arrangement.

11.2 The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.

11.3 The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.

11.4 The Company shall make the disclosure of the related party transactions to the stock exchanges every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023 and publish the same on its website.

12. Amendments

12.1 Any subsequent amendment / modification in the SEBI Listing Regulations or any other governing Act / Rules / regulations or re-enactment, circulars or clarification(s), impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any subsequent amendment / modification in the Act or the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

13.Communication of this Policy

13.1 This Policy shall be posted on the website of the Company at www.transrail.in.

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SCHEDULE 1
MATERIAL RELATED PARTY TRANSACTION

Sr. No	Specified Related Party Transaction(s)u/s 188(1) of the Companies Act, 2013	
1.	Approval of the Shareholders	Materiality Threshold [as per Regulation 23(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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
2.	Approval of the Board for the following transactions not in ordinary course of business or arms length basis	
3.	sale, purchase or supply of any goods or materials; directly or through appointment of agent	Exceeding [10]% or more of the turnover of the Company .
4.	selling or otherwise disposing of, or buying, property of any kind; directly or through appointment of agent,	Exceeding [10]% or more of the networth of the Company
5.	leasing of property of any kind;	Exceeding [10]% or more of the turnover of the Company
6.	availing or rendering of any services; directly or through appointment of agent,	Exceeding [10]% or more of the turnover of the] company
7.	such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and	At a monthly remuneration exceeding Rs [2.5]lakhs
8.	underwriting the subscription of any securities or derivatives thereof, of the company:	Exceeding [1]% of the net worth of the Company

Explanation(s):

Limits specified in clauses a) to d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a Financial Year.

Turnover or net worth shall be computed on the basis of the audited Financial Statement of the preceding Financial Year.

Notwithstanding the above materiality threshold, 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 individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.