



Policy for determination of materiality
under SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015

1. PREFACE

Transformers and Rectifiers (India) Limited ('the Company') is committed to being open and transparent with all stakeholders and in disseminating information in a fair and timely manner. The Company's securities are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and must comply with the continuous disclosure obligations imposed by the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ("**SEBI LODR Regulations**") that came into effect from December 1, 2015. LODR Regulations mandate listed entities to formulate a Policy for determination of materiality of events or information that warrant disclosure to investors. It is in this context that the Policy on Determination of Materiality for Disclosures ("Policy") is being framed and implemented.

This Policy has been updated based on the amendments made to Regulation 30 and Schedule III of the SEBI LODR Regulations, by way of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 ("**LODR Amendments**") and the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123, dated July 13, 2023.

2. DEFINITIONS

In this Policy, unless the context otherwise requires:

- (a) "Act"** means the Securities and Exchange Board of India Act, 1992;
- (b) "Board"** or "**Board of Directors**" means the board of directors of the Company;
- (c) "Company"** means Transformers and Rectifiers (India) Limited;
- (d) "Investors"** means equity shareholder(s) and debenture holder(s) of the



Company.

(e) “Key Managerial Personnel” shall have the same meaning as defined in Section 2(51) of the Companies Act 2013;

(f) “Policy” means Policy for Determination of Materiality of Events or Information.

(g) “Stock Exchanges” means BSE Ltd. and National Stock Exchange of India (NSE).

All other words and expressions used but not defined in this Policy, shall have the same meaning as defined in the SEBI LODR Regulations, and if not defined therein, then as per the Companies Act 2013 or the Securities Contracts (Regulation) Act, 1956 or the Depositories Act, 1996 and/or the rules and regulations made thereunder, or any other Act and/or applicable laws or any statutory modification or re-enactment thereto, as the case may be.

3. OBJECTIVE OF POLICY

The objective of this Policy is to assist the employees of the Company in identifying potential material events or information in an objective manner that may originate at the ground level which can be promptly escalated and reported to the authorised Key Managerial Personnel or other officers of the Company, as specified in this Policy, for determining the materiality of the said event or information and for making necessary disclosure to the BSE Limited and the National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”). All provisions of Regulation 30 read with Schedule III of the SEBI LODR Regulations shall hereby be deemed to be incorporated in this Policy, by reference.

4. DISCLOSURE OF EVENTS/INFORMATION

- A. The Company shall disclose all such events which are specified in Para A of Part A of Schedule III of the SEBI LODR Regulations (as applicable from time to time) (“**Para A Events**”) without any application of the guidelines for materiality as specified in sub-regulation (2) of Regulation 30 of the SEBI LODR Regulations. Details to be provided to the Stock Exchanges while disclosing Para A Events shall be in compliance with the requirements of the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123, dated July 13, 2023.
- B. The Company shall disclose all such material events or information pertaining to itself or to its subsidiary(ies), specified in Para B of Part A of Schedule III of



the SEBI LODR Regulations (“**Para B Events**”) subject to application of guidelines for materiality, as set out under the SEBI LODR Regulations. Details to be provided to the Stock Exchanges while disclosing Para B Events shall be in compliance with the requirements of the aforesaid SEBI Circular.

- C. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.
- D. Without prejudice to the generality of para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by the Board from time to time.

5. GUIDELINES FOR ASSESSING MATERIALITY

Materiality will be determined on a case to case basis depending on the facts and the circumstances pertaining to the event or information.

The Company shall consider the following criteria for determination of materiality of events/ information:

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; or
- (c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - (1) two percent of turnover, as per the last audited consolidated financial statements of the Company
 - (2) two percent of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
 - (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company;

In terms of the aforesaid SEBI Circular, if the average of absolute value of profit or loss is required to be considered by disregarding the ‘sign’ (positive or negative) that denotes such value as the said value / figure is required only for



determining the threshold for 'materiality' of the event and not for any commercial consideration.

- (d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the Company, the event or information is considered material.

6. GUIDELINES ON OCCURRENCE OF AN EVENT / INFORMATION & ITS TIMELY DISCLOSURE

The Company may be confronted with the question as to when an event/information can be said to have occurred.

The occurrence of material events/information could be either emanating from within or outside the Company by the Company's own accord or for reasons not in the hands of the Company. It can be categorized as under:

- (a) depends upon the stage of discussion, negotiation or approval; and
- (b) in case of natural calamities disrupting operations etc., it would depend upon the timing when the company became aware of the event/information.

In respect of the events under 6(a), the events/information can be said to have occurred upon receipt of approval of the Board of Directors, e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval. Approvals other than final approvals, such as in-principle approvals, exploratory approvals etc. will not require disclosure under this Code.

In respect of the events under 6(b), the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties. The term 'officer' shall have the same meaning as defined under the Act and shall also include Promoter of the Company.

7. DISCLOSURE

All events/information identified as material in line with the regulation and under this Policy shall be disclosed to the stock exchange(s) as soon as reasonably possible and in any case not later than the following:



- i. For all material events/ information for which decision is taken in a Board meeting within 30 (thirty) minutes from the closure of the board meeting;
- ii. For all material events/ information emanating from within the Company within 12 (twelve) hours from the occurrence of the event or information;
- iii. For all material events/ information relating to the Company but emanating from outside the Company within 24 (twenty-four) hours from the occurrence of the event or information.

Provided that Timeline for disclosure of events, specified in Part A of Schedule III of the SEBI LODR Regulations, as specified in Table 1 of SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123, dated July 13, 2023 shall be made within such timelines.

- a) In case the disclosure is made after the stipulated timeline, the Company shall provide an explanation for the delay along with the disclosure.
- b) The Company shall disclose all further material developments with respect to the disclosures referred to in this Policy on a regular basis, till the event is resolved / closed, with relevant explanations.

8. EMPOWERMENT FOR DETERMINING MATERIALITY

Key Managerial Personnel as may be authorized by the Board of Directors, shall determine the materiality of event or information based on the above criteria for the purpose of making disclosures to stock exchanges under the SEBI LODR Regulations.

Details of the above referred KMP shall be also disclosed to the Stock Exchange(s) and as well as on the Company's website.

The above referred KMP is also empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as he may deem fit.

9. AUTHORITY FOR COMMUNICATION

The Company Secretary of the Company or any other Key Managerial Personnel as may be authorized by the Board, shall communicate in writing to the Stock Exchanges, the material events/information with regard to the Company and its subsidiaries.

The Company shall simultaneously update all disclosures made to the stock exchanges under this policy or the regulations on its website and such



disclosure shall continue to remain hosted on the website for a minimum period of five years and thereafter archived as per the Archival policy of the Company.

10. AMENDMENTS

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force, and this Policy does not, and shall not, in any manner dilute any of the requirements set out under Regulation 30 read with Schedule III of the SEBI LODR Regulations. Any relevant amendment in Regulation 30 of SEBI LODR shall be considered as incorporated in this policy from its effective date without any active intervention or amendment by the Board of Directors of the Company.

11. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the SEBI LODR Regulations, as amended from time to time, the SEBI LODR Regulations shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

12. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company.