



Policy on Related Party Transactions

1) SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest that may be against the best interest of a Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Listing Regulations”) Tata Elxsi Limited (“TEL/Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, TEL has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board of Directors (“Board”).

2) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out:

- (a) the basis of identifying related parties of the Company as well as related party transactions;
- (b) the materiality thresholds for related party transactions; and
- (c) the manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.
- (d) lay down the guiding principles and mechanism to ensure proper approval, disclosure 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.

3) DEFINITIONS

All terms used in this Policy shall have the meaning as assigned to them under the Act and the Rules made thereunder, SEBI Listing Regulations, and applicable Accounting Standards, as amended from time to time.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

3.1. “Act” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof from time to time;

3.2. “Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest;

3.3. “Audit Committee” shall mean the audit committee constituted by the Board from time to time, in accordance with the provisions of the Act and the SEBI Listing Regulations;



- 3.4. “Board of Directors” or “Board”** means the Board of Directors of the Company, as constituted from time to time, in terms of the Act;
- 3.5. “Company”** means Tata Elxsi Limited;
- 3.6. “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 (RPT)” as notified by SEBI;
- 3.7. “Key Managerial Personnel”** means the Key Managerial Personnel of the Company in terms of the Act;
- 3.8. “Material Related Party Transaction”** shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations;
- 3.9. “Material Modification”** shall mean an amendment to the terms of a transaction/agreement/commitment with/to a Related Party, the effect of which will be an increase over the approved limit for a transaction, by an amount more than Rs. 20 (twenty) Crores in a financial year or 20% (twenty per cent) of the approved limit, whichever is higher.
- 3.10. “Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
- 3.11. “Related Party”** shall have the same meaning as defined under Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations. Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party”.
- 3.12. “Relative”** in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act.
- 3.13. “Related Party Transaction”** is a transfer of any resources, services or obligations between the Company and a related party, regardless of whether a price is charged, and shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations or as envisaged in Section 188 of the Act, , including any amendment or modification thereof, as may be applicable.
- 3.14. “SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 3.15. “Transaction”** A transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Any other words and expressions used and not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

4) MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction (“RPT”) exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions.



TEL has fixed its materiality thresholds at the level prescribed under explanation to Regulation 23(1) of the SEBI Listing Regulations as under:

- a) In case of transaction(s) involving payments made to a Related Party with respect to brand usage or royalty, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 5 per cent (5%) of the annual consolidated turnover of the Company as per its last audited financial statements.
- b) In case of any other transaction, if the amount of the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crores or 10%, of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

5) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a. Identification of Related Parties

TEL has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed thereunder and Regulation 2(1)(zb) of the SEBI Listing Regulations.

b. Identification of related party transactions

TEL has formulated guidelines for the identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Requirements. TEL has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

Once related party transactions are identified, Management shall provide all necessary information to the Audit Committee and/or Shareholders, as applicable, for their approval in accordance with Industry standards as prescribed.

c. Procedure for approval of related party transactions

➤ Approval of the Audit Committee

All related party transactions and subsequent material modifications thereof, will require prior approval of the Audit Committee, whether at a Meeting or by resolution by way of Circular Resolution. Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.

The remuneration and sitting fees paid by the listed entity 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 in terms of the provisions of this regulation.

The Audit Committee will be provided with all relevant material information of Related Party Transactions, 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.

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Omnibus Approval

The Company may obtain Omnibus Approval from the Audit Committee for such transactions, provided that only those members of the Audit Committee, who are Independent Directors, shall approve such Related Party Transactions which are repetitive in nature and are in the ordinary course of business and on the Arm's Length basis, subject to the compliance of conditions contained in the Act and the Listing Regulations.

- The Audit Committee shall satisfy itself on the need for such omnibus approval and that such approval is in the interest of the Company.
- In case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction, which shall be valid for a period not exceeding one year.
- Such omnibus approval shall specify:
 - the name/s of the Related Party and its relationship with the Company or its subsidiary, nature of transaction, period/ duration of transaction, maximum amount of transaction in aggregate that can be entered into during the year, maximum value per transaction;
 - the indicative base price/ current contracted price and the formula for variation in the price if any; and
 - such other conditions as the Audit Committee may deem fit;
- The 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.

Ratification of Related Party Transactions by the Audit Committee

The Company shall endeavor to seek prior approval of all Related Party Transactions. However, in the event the Company becomes aware of a Related Party Transaction that has not been approved as per provision of this Policy, 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:

- i. 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;



- ii. the transaction is not material as per this Policy;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Regulation 23 of the Listing Regulations;
- v. any other condition as specified by the Audit Committee.

➤ **Approval of the Board of Directors of the Company**

The following kind of transactions with related parties are also placed before the Board for its approval:

- The Audit Committee shall report all Material Related Party Transactions & subsequent Material Modifications to the Board.
- Transactions either not in the ordinary course of business or not at arm's length basis;
- Where approval of Board is required for any Related Party Transaction or if the Board, in any case, elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction or material modifications thereof.
- Transactions meeting the materiality thresholds laid down in this Policy, which require approval of shareholders.

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.

➤ **Approval of the Shareholders of the Company**

Unless exempted, the Company shall seek prior approval of shareholders for "Material Related Party Transactions and subsequent Material Modifications" in a General Meeting in the year in which the Related Party Transaction is undertaken or by postal ballot process.

The resolution shall be an ordinary resolution or such resolution as may be required by the Companies Act and the Listing Regulations and all the Related Parties (if any) will abstain from voting on such resolution irrespective of whether the concerned entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act, which:

- (a) are not in the ordinary course of business and at arm's length basis; and
- (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 or Listing Regulations, as amended from time to time, shall be placed before the shareholders for its approval.



6) DISCLOSURES

- (i) The Board's Report will contain details of contracts or arrangements or transactions (i) not at arm's length basis and (ii) material (based on the thresholds laid down under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014) contracts or arrangement or transactions at arm's length basis and/or in ordinary course of business, along with justification for entering into such transaction in accordance with the requirements of the Act and rules made thereunder.
- (ii) The Company shall submit disclosures of related party transactions along with the financial results for the half year on a standalone / consolidated basis, in the format specified by the SEBI, from time to time, and publish the same on its website.
- (iii) The Company shall on the date of publication of its standalone and consolidated financial results for the half year ending September 30 and March 31, file the 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.

As prescribed under the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website viz. www.tataelxsi.com.

7) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit 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 failure of the internal control systems, and shall take any such action it deems appropriate. The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier.

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 additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8) REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.



9) LIMITATION, REVIEW AND AMENDMENT

In the event of any conflict between the provisions of this Policy and the applicable provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), Industrial Standards or any other prevailing legal requirements (“Applicable Law”), the provisions of the Applicable Law shall prevail.

Any subsequent amendments or modifications to the Applicable Law shall be deemed to be incorporated into this Policy and shall apply automatically without requiring further approval.

This policy has been Adopted and amended by the Board of Directors at their meeting held on October 09, 2025.
