



# *Tirupati Starch & Chemicals Ltd.*

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## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

### ▪ **PREAMBLE**

The Changes introduced in the Corporate Governance norms through Companies Act, 2013 and the Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies to have effective compliances of Related Party Transactions & enhanced transparency.

The Board of Directors of Tirupati Starch & Chemicals Limited (“the Company”) has adopted this policy and procedures for dealing with Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules made thereunder and any subsequent amendments thereto and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be amended from time to time in order to ensure the effective compliance & transparency.

This Policy regarding the review and approval of Related Party Transactions has been adopted by the Company’s Board of Directors in order to set forth the procedures under which certain transactions must be reviewed, approved or ratified.

### ▪ **OBJECTIVE**

The focus of Our Company is always on better and effective compliance and to fulfill its Responsibility with highest Ethical conduct.

This Policy applies to transactions between the Company and its Related Parties. It provides a framework for governance and reporting of Related Party Transactions.

The Board may amend this Policy from time to time as may be required. The Audit Committee of Board shall review, approve and ratify Related Party Transactions and recommend to the Board any amendment or modification to the Policy, as and when required.

### ▪ **DEFINITIONS**

“Act” means Companies Act, 2013 & rules made thereunder.

“Arms Length Transactions” means transactions between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Associate Company” in relation to another Company, means a Company in which that other Company has significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture Company.

Explanation: For the purposes of this clause, “significant influence” means control of at least twenty percent of total share capital or of business decisions under an agreement.

**“Audit Committee”** means Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

**“Board of Directors or Board”** means the Board of Directors of Tirupati Starch & Chemicals Limited, as constituted from time to time.

**“Company”** means Tirupati Starch & Chemicals Limited.

**“Key Managerial Personnel”** means Key Managerial Personnel as defined under the Companies Act, 2013.

**“Material Related Party Transactions”** 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 rupees One Thousand Crore or ten percent of the annual consolidated turnover of the Listed entity as per the Last Audited Financial Statements of the Listed entity, whichever is lower.

**“Related Party or Related Parties”** means related party as defined under Section 2(76) of the Companies Act, 2013 and as defined in regulation 2 sub-regulation (1) clause (zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with amendments issued from time to time.

**“Related Party Transaction”** means any transaction or arrangement in which the Company and Related Party are contracting parties either directly or indirectly with respect to the items specified in Section 188(1) (a) to (g) of the Companies Act, 2013 and as defined in regulation 2 sub-regulation 1 clause (zc) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, read with amendments issued from time to time.

## ▪ **PROCEDURE & IDENTIFICATION OF TRANSACTION WITH RELATED PARTIES**

### **Procedure:**

1. Prior to the entry into potential Related Party Transaction, such transaction will be reported to the Chief Financial Officer (CFO) of the Company. The Related Party Transaction that is brought to CFO's attention is analyzed by Board of Directors of the Company to determine whether i) the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this Policy; ii) the proposed/existing transaction/contract is in ordinary course of business; and c) at arm's length.
2. Once identified by Board of Directors & CFO, all the proposed/existing related party transactions shall be reported promptly to the Audit Committee by Board of Directors, or in the event that the Board of Directors has an interest in the Related Party Transaction, the transaction shall be reported to the Audit Committee by CFO of the Company and vice versa for the Approval of Audit Committee.
3. The Audit Committee shall be provided with the material facts of all new, existing or proposed Related Party Transactions. The Audit Committee will determine whether to refer the Related Party Transaction to the Board of Directors for consideration or; or whether to such transactions for prior approval by Shareholders of the Company.

### **Identification:**

Each Director and Key Managerial Personnel is responsible for providing notice to the Company of any potential Related Party Transaction where he may be considered interested. Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The Directors and KMPs will ensure that

notice of any potential Related Party Transaction is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

- **ARM'S LENGTH EVALUATION**

The Act or Rules framed there under or Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 require that transactions between Related Parties be conducted at Arm's Length. However, Arm's Length transaction has been defined under Explanation (b) of Section 188 of the Act as the transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

- **APPROVAL BY AUDIT COMMITTEE**

Every Related Party Transactions shall be subject to prior approval of the Audit Committee whether at a meeting or by circular resolution (as may be permissible). To review the Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The Audit Committee may grant Omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions specified under SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

- **APPROVAL OF BOARD**

As per the provisions of section 188 of the Companies Act, 2013, all kinds of transactions specified under the said section and which are not in an Ordinary Course of Business and/or not at an Arms' Length Basis, shall be placed before the Board for its approval.

- **APPROVAL OF SHAREHOLDERS OF THE COMPANY**

Subject to the exceptions provided under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, all material Related party Transactions shall require approval of the shareholders of the Company. No related party with respect to the Company shall vote to approve such resolutions. Transactions with related parties which are not in the ordinary course of business or at arm's length basis and exceeds the ceiling provided under rule 15 of Companies (Meeting of Board and its powers) Rules, 2014 (as amended) read with Section 188 of the Act shall require prior approval of shareholders of the Company subject to exceptions provided under the Act.

- **DISCLOSURE**

The Company shall disclose the Policy on Related Party Transaction on the website of the Company at [www.tirupatistarch.com](http://www.tirupatistarch.com) . Further, the Company shall also make necessary disclosures in Annual Report, and/or to the Stock Exchanges, as may be required to be made under applicable laws.

**Note:** This Policy has reviewed and modified by Board of Directors on recommendation of Audit Committee, in their Board meeting held on Friday, 27<sup>th</sup> Day of May, 2022 and the same was taken on note.