

THIRU AROORAN SUGARS LIMITED

Policy on Related Party Transaction

Pursuant to Clause 49 of the Listing Agreement, the Board of Directors ('Board') of Thiru Arooran Sugars Limited ("Company") has formulated the following Policy on Related Party Transaction (RPT) as herein below. The Company may amend the Policy from time to time and is subject to all acts and regulations applicable to the Company.

1. Objective:

In terms of Clause 49 of the Listing Agreement (including any statutory enactment/amendment thereof), the Company has formulated this Policy on Related Party Transaction with an object of ensuring proper approval and reporting of Related Part Transactions (RPTs) between the Company and its Related Parties. Further, the Company is also required to define the materiality of RPTs. Such transactions are appropriate only if they are in the interest of the Company and its stakeholders. The Company is required to disclose the Policy on dealing with RPTs each year in its Financial Statements and in its website.

2. Definitions:

- a) **"Audit Committee or Committee"** means the Audit Committee of Board of Directors of the Company;
- b) **"Board"** means the Board of Directors of the Company;
- c) **"Key Managerial Personnel"** mean the following managerial personnel as defined under the Companies Act, 2013:
 - i) Chief Executive Officer or Managing Director or Manager;
 - ii) Company Secretary;
 - iii) Whole-time director;
 - iv) Chief Financial Officer and
 - v) such other officer as may be prescribed under the Companies Act, 2013;
- d) **"Policy"** means this Related Party Transactions Policy;
- e) **"Related Party"** means an entity which is a related party as defined in Section 2(76) of the Companies Act, 2013 or if such entity is a related party as per the applicable Accounting Standards;
- f) **"Related Party Transaction"** means any transaction directly or indirectly involving any Related Party which is a transfer of

resources, services or obligations between a company and a related party, regardless of whether a price is charged;

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

- g) **"Material Related Party Transaction"** means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
- h) **"Relative"** means a relative as defined in Section 2(77) of the Companies Act, 2013.
- i) **"Ordinary Course of Business"** means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of frequency has connection with the normal business carried on by the Company

Words and expressions used in this Policy not specifically defined hereunder shall have the same meanings assigned to them in the Companies Act, 2013 or Rules framed thereunder, Listing Agreement with the Stock Exchanges and other applicable SEBI Regulations.

3. General Guideline

All RPTs must be reported to the Audit Committee and referred by the Audit Committee to the Board for approval in accordance with this Policy.

All Material RPTs shall be approved by the Shareholders of the Company by a Special Resolution and all the Related Parties of the Company shall abstain from voting on such resolutions irrespective of whether they are interested in that particular RPT

4. Identification of RPTs

Each Director and Key Managerial Personnel (**KMP**) shall provide notice to the Board or the Audit Committee of the list of related parties as covered under Section 2(76) of the Companies Act as well under Accounting Standard-18. Each Director as well as KMP shall inform in advance the Company of any potential Related Party Transaction involving him or her or his or her relative, together with additional information about the RPT that

the Board/Audit Committee may request. Board/Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction, requiring compliance with this Policy.

5. Review and approval of RPTs

- i) All RPTs shall require prior approval of the Audit Committee;
- ii) The Audit Committee shall be provided with all relevant information of the RPT including the terms of the transaction, the business necessity of the transaction, benefits to the Company and the Related Party and such other particulars as the Committee may require;
- iii) Any member of the Committee who has an interest in any Related Party Transaction shall recuse himself/herself and abstain from discussion and voting on the approval of such RPTs).

While deciding whether to approve a RPT, the Audit Committee shall consider such factors as it deems appropriate including

- i) Whether the terms of the RPT are fair and on 'arms 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 compelling business necessity for the Company to enter into the RPT and the possibility of alternative transaction on better terms;
- iii) Whether the RPT would affect the independence of an independent Director of the Company;
- iv) Whether the RPT would result in improper conflict of interest for any Director or KMP of the Company.
- v) Whether ratification of the proposed RPT is allowed and would be detrimental to the Company;

If the Audit Committee decides that a RPT must be referred to the Board or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the RPT, then the aforesaid considerations shall apply to the review of the Board with such changes as may be appropriate under the circumstances.

The following RPTs shall not require prior approval of the Audit Committee or Shareholders:

- i) Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- i. Any transaction 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.
- ii. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the holding company and placed before the shareholders at the general meeting for approval.

The Audit Committee shall be empowered to grant omnibus approval (Omnibus Approval) for such transaction(s) which are repetitive in nature as per the procedure specified for approving RPTs in this Policy. In addition to the aforesaid criteria, the Audit Committee shall be required to specify in the Omnibus Approval (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 condition as the Audit Committee may deem fit and proper

In a case where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant Omnibus Approval for such RPTs subject to their value not exceeding Rs.100 lakhs (Rupees One hundred lakhs) per transaction. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the Omnibus Approval given. The Omnibus Approval shall be valid for one year and shall require fresh approvals after expiry of one year from the grant of each approval.

In the event of the Company coming to know of a RPT with a Related Party that has not been approved under this Policy by the Audit Committee, prior to its consummation, the Company shall report such transaction to the Audit Committee which shall follow the procedure laid down in the Policy.

6. Amendments:

The Board of Directors shall reserve the rights to amend the policy at any time and the policy is subject to the amendment to the Companies Act,2013 and the Listing Agreement.
