

## RAJSHREE SUGARS & CHEMICALS LIMITED

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

#### 1) Introduction

It is Rajshree Sugars & Chemicals Limited Policy that Related Party Transactions (RPT) are conducted at arm's length basis with any such transaction being on no less favorable than terms available to any unconnected third party under the same or similar circumstances.

#### 2) Applicability of the Policy

This Policy is applicable to all the related party transactions of the Company. This Policy is not intended to conflict with any applicable laws or regulations and if any such conflict occurs the requirements of the law or regulation shall prevail.

#### 3) Objectives of the Policy

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions (b) thresholds for material modifications and; (c) the manner of dealing with the transactions between the Company and its related parties based on the applicable laws.

#### 4) Definitions

- a) **“Act”** means the Companies Act, 2013
- b) **‘LODR’** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c) **“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
- d) **“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.
- e) **“Company”** means Rajshree Sugars & Chemicals Limited
- f) **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
- g) **“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of LODR.
- h) **“Related Party Transaction”** have the meaning as defined under Regulation 2(1)(zc) of LODR.
- i) **“Material Related Party Transaction”** shall have the meaning as defined in Regulation 23(1) of LODR.
- j) **“Key Managerial Personnel”** or **“KMP”** shall have the meaning as defined in the Companies Act, 2013

k) **“Material Modification”**: All the modifications in the related party transactions shall be considered as material and requires prior approval of the Audit Committee.”

*Any other term not defined herein shall have the same meaning as defined in the Act, LODR, or any other applicable law or regulation.*

**5) Intimation by the Related Parties**

Directors shall disclose to the Board, details of all their relatives and the list of entities in which the Director is concerned or interested directly / indirectly, in Form MBP-1, as prescribed under Section 184 of the Act. The key managerial personnel should disclose their relatives. Any changes in the particulars must be informed promptly to the Board of Directors.

The Directors and Key Managerial Personnel shall inform immediately the Board of any proposed related party transactions as soon as they become aware of it. It is the responsibility of the Director(s) or KMP who are interested in a proposed RPT to inform the Board, and obtain approval prior to entering into the transaction. Interested Director(s) / KMP shall not be present at the meeting during discussions on the subject matter of the resolution(s).

**6) Approval by the Audit Committee**

All related party transactions shall require prior approval of the Audit Committee of the Board. With effect from 1<sup>st</sup> April 2022, subsequent material modifications in the related party transactions shall also require prior approval of the Audit Committee of the Board.

With effect from 1<sup>st</sup> January 2022, only those members of the audit committee, who are independent directors, shall approve related party transactions.

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company in accordance with the provisions of the Regulation 21(3) of LODR.

**7) Approval by the Board of Directors**

The approval of the Board is not required for any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

The Company should obtain the approval of the Board for all the transactions which does satisfy any of the condition mentioned in the first paragraph, by following the procedure / provisions as per Section 188 of the Act.

**8) Approval by the Shareholders**

Subject to provisions of Regulation 21(4) of LODR, all Material Related Party Transactions shall require prior approval of the shareholders through resolution. With effect from 1<sup>st</sup> April 2022, subsequent Material Modifications in the Material Related Party Transactions, shall also require prior approval of the shareholders through resolution.

No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

**9) Voidable contracts / arrangements**

Where any contract or arrangement is entered into by a director or KMP, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of Section 188 of the Act, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Without prejudice to anything stated above, it shall be open to the company to proceed against a director or KMP who had entered into such contract or arrangement in contravention of the provisions of that section for recovery of any loss sustained by it as a result of such contract or arrangement.

**10) Disclosures**

- a) The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results or such other formats as prescribed by SEBI, to the stock exchanges and publish the same on its website.
- b) The company shall disclose this policy under separate section in the website of the Company and a web link shall be disclosed in the Annual Reports.
- c) The Company shall disclose, in the Annual Report, the details of related party transactions as per Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- d) Such other disclosures under the applicable laws.

**11) Policy review**

The said policy should be reviewed by the Board atleast once in every three years.

**12) Amendments in law**

Any subsequent amendment / modification in LODR, the Act or other applicable laws shall automatically apply to this policy.

**13) Effective Date**

This revised Policy, as approved at the meeting of the Board of Directors held on 10<sup>th</sup> February 2022, shall become effective from 1<sup>st</sup> January 2022.

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