RAJAPALAYAM MILLS LIMITED

RELATED PARTY TRANSACTION POLICY

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[Under Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. This policy is formulated on materiality of Related Party Transactions and on dealing with Related Party Transactions in terms of Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. An entity shall be considered Related to the Company, if

   i. such entity is a related party under Section 2(76) of the Companies Act, 2013.

   ii. such entity is a related party under the applicable accounting standards.

3. No Related Party Transaction may be entered into by the Company, except in accordance with the provisions of this policy.

4. Transaction with a related party shall be construed to include single transaction or a group of transactions in a contract or arrangement.

5. "Related Party Transaction" means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and would include a transaction specified under Section 188 (1) of the Companies Act, 2013.

6. A transaction with a Related Party shall be considered material 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.

7. Arm's length basis means, a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

8. The Related Parties are obligated to disclose complete information about the proposed transaction with the Company, so as to enable the Company to determine whether the transaction constitutes a Related Party Transaction requiring compliance with this policy.

9. No Related Party Transaction shall be entered into by the Company without the prior approval of the Audit Committee (except for omnibus approval by the Audit Committee as in Clause 13). Any subsequent modification of transactions of the company with related parties will also require prior approval of Audit Committee.

10. In the event such a Related Party Transaction is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such Transaction.

11. No director who is interested in any such transaction shall be present at the meeting during discussions on the subject matter of the resolution proposed for Board/ Audit Committee Approval.

12. All material Related Party Transactions shall require the approval of the shareholders through Resolution[1] and the Related Parties shall abstain from voting on such resolutions. This shall not be applicable for transactions with wholly owned subsidiaries of the Company whose accounts are consolidated with that of the Company.

13. The Audit Committee may grant an omnibus approval for Related Party Transaction proposed to be entered into by the Company, subject to the following conditions:

i. The Transaction is at arm’s length and is in the ordinary course of business and is of repetitive nature.

ii. The Transaction is not a transaction that requires approval by the Board/ Shareholders under the provisions of the Companies Act, 2013 and rules framed thereunder.

The word “Resolution” was substituted in place of words “Special Resolution” by the Companies (Meeting of Board and its Powers) Second Amendment Rules, 2015, vide Notification No. G.S.R.971(E) dated 14-12-2015.

iii. Such omnibus approval shall specify

a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into

b. the indicative base price / current contracted price and the formula for variation in the price if any and

c. such other conditions as the Audit Committee may deem fit

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

iv. Audit Committee shall review on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

v. Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

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