

TIPS INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

INTRODUCTION:

The Board of Directors (the “Board”) of Tips Industries Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below, in compliance with requirement of Section 188 of the Companies Act, 2013 read with the Rules made thereunder and Regulation 23 and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company; and (c) 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.

DEFINITION:

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

Manner of dealing with Related Party Transactions

a. Identification of Related Parties

The Company has formulated a Framework for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under, Regulation 2(1)(zb) of the SEBI Listing Regulations and applicable Accounting Standards, as amended from time to time.

b. Identification of related Party transactions

The Company has formulated a Framework for identification of related party transactions in accordance with Section 188 of the Act and Rules framed thereunder, and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated a Framework for determining whether the transaction is in the ordinary course of business and at arm’s length basis and for this purpose, the Company may seek external professional opinion, if necessary.

c. Review and approval of Related Party Transactions

1. Every Related Party Transaction including Material Modifications thereto shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of

circulation. Provided that only those members of the Audit Committee, who are Independent Directors, shall approve such Related Party Transactions. Further, 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.

2. However, the Audit Committee may grant omnibus approval for recurring transactions with related parties, in compliance with requirements of the Act and the SEBI Listing Regulations. The Audit Committee shall review / note on a quarterly basis the details of such Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. The omnibus approval shall be valid for a period of one year. 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.
3. The Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
4. Approval for Related Party Transaction is, as under

➤ **Approval of Audit Committee for reported Related Party Transactions:**

Prior approval of Audit Committee is required to be taken for entering into transaction with a Related Party. The Audit Committee may grant approval in accordance with provisions of the Companies Act, 2013 read with the Rules made thereunder and Regulation 23 and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

➤ **Approval of the Board for reported Related Party Transactions:**

Approval of Board is required to be taken for entering into Related Party Transactions referred by Audit Committee, as prescribed under the Act / Regulations applicable to the Company.

Any member of the Board who has a potential interest in any reported Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

➤ **Approval of the shareholders for reported Related Party Transactions:**

All Material Related Party Transactions and transactions mention in Sub - Section 1 of Section 188 of Companies Act, 2013 shall require approval of the shareholders and the No related party shall vote to approve relevant shareholders resolutions irrespective of whether the entity is a related party to the particular transaction or not.

DISCLOSURE:

- 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 Companies Act, 2013 and rules made thereunder.

- 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.
- The policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.

AMENDMENT:

The Company reserves the right to amend or modify this Policy in whole or in part, at any point of time.
