



THE SUKHJIT STARCH & CHEMICALS LTD.
Phagwara - 144401. (Pb.), INDIA.

POLICY ON
RELATED PARTY TRANSACTIONS



Policy on Related Party Transactions

1. Preamble

The Board of Directors (the “Board”) of The Sukhjit Starch & Chemicals Limited (the “Company”) has adopted the following policy and procedures with regard to related party transactions (‘Related Party Transaction Policy or “Policy”’), in line with the requirements of Section 188 of Companies Act, 2013 read with Rules made there under (hereinafter referred to as ‘The Act’) and Clause 49 of the Listing Agreement on Corporate Governance and subsequent amendments thereto (hereinafter referred to as ‘Clause 49’),

The Board may consider amendments to this Policy based on the recommendations of the Audit Committee, or to be in line with any amendment or enactment of the applicable laws, from time to time.

2. Objective

The objective of this policy is 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. Further, as per Clause 49, a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions. This policy therefore lays down the mechanism to deal with Related Party Transactions including material transactions.

3. Definitions

- a. **Arm’s Length Transaction:** “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 to ensure highest level of transparency.
- b. **Audit Committee:** “Audit Committee” means the Committee of the Board of Directors constituted under section 177 of the Act and Clause 49 of the Listing Agreement.
- c. **Key Managerial Personnel:** “Key Managerial Personnel” in relation to the Company means
 - i. Managing Director;
 - ii. Chief Financial Officer; and
 - iii. Company Secretary;
- d. **Material Related Party Transactions:** “Material Related Party Transactions” shall mean a transaction as defined “material” in Clause 49(VII)(C) of the Listing Agreement and/or contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules 2014 requiring shareholder’s approval.



- e. **Related Party:** “Related Party” means a related party as defined in Section 2(76) of the Act read with Clause 49 of the Listing Agreement.
- f. **Related Party Transaction:** “Related Party transaction” or “RPT” shall mean such transaction as specified under Section 188 of the Act and Clause 49 (Vii A) of the Listing Agreement
Transaction with a related party shall be construed to include a single transaction or a group of transaction in a contract.
- g. **Relative:** “Relative” with reference to any person shall have the same meaning as defined in Section 2 (77) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 and the Listing Agreement.

4. Policy on related party transactions

Identification of potential related party transaction

Each director and Key Managerial Personnel of the Company are responsible for giving notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may require. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Prior Notice of any potential related party transaction should be sent well in advance to the Audit Committee so that the Committee has adequate time to obtain and review information about the proposed transaction.

Determination of arm’s length.

The Company adopts generally accepted practices and principles in determining whether the transaction is at ‘arms length’. In the absence of any definition, the Company may refer to guidance given in Income Tax laws, Customs laws, EXIM laws, etc. Determining arms length price is a matter of judgement and it shall be assessed on case by case basis depending upon the facts and circumstances in each case.



Prior approval of Audit Committee

All Related Party Transactions shall require prior approval of Audit Committee. The Audit Committee may grant omnibus approval for the proposed related party transaction which are repetitive in nature and are in the ordinary course of business and at par with the arm's length transactions, subject to compliance of the conditions set forth in clause 49 of the Listing Agreement and shall satisfy itself of the need for the omnibus approval and in the interest of the Company.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

The Audit Committee shall review on a periodic basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Approval of Board of Directors

All transactions with related parties (as defined under Companies Act 2013) within the scope of Section 188 of the Act, which are either not in the ordinary course of business or are not at Arm's Length shall require prior approval of the Board of Directors. Information in such form and manner as prescribed in the Act and/or Clause 49 would be provided to the Board.

In the above context, where any director is interested in any contract or arrangement with a related party, such director shall not be present during the discussions and voting on the subject matter of the resolution relating to such contract or arrangement.

Approval of Shareholders

Transaction with related parties (as defined under Companies Act 2013) covered within the scope of Section 188 of the Act, which are either not in the ordinary course of business or not on 'arm's length' basis and exceeds the threshold under section 188 of the Act shall require prior approval of the shareholders through special resolution.

All Material Related Party Transactions covered within the scope of Clause 49 shall require approval of the shareholders through special resolution. For this purpose, all entities falling under the definition of related parties (as defined under Clause 49) shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.



Related party transactions not approved under this policy

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this policy prior to its formation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party transaction to the Committee under this policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders. In connection with any review/approval of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirement of this Policy.

5. Amendments to the policy

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. Any subsequent amendment /modification in the Listing Agreement and/or other applicable Laws in this regard shall automatically apply to this policy.
