



**Tyche Industries Limited**

## RELATED PARTY TRANSACTION POLICY

Regd off:-C 21/A,Road No 9,Film Nagar,Jubilee Hills,Hyderabad,Telangana,India-500096

[Tel:-040-23541688](tel:040-23541688),[Fax:-40-23540933](tel:040-23540933),[Emai:-cs\\_tycheindustries@gmail.com](mailto:cs_tycheindustries@gmail.com).

Website:-[www.tycheindustries.com](http://www.tycheindustries.com).

The Companies Act , 2013 read with the Companies (Meeting of Board and its Powers) Rules ,2014 introduced specific provisions relating to Related party transactions and defined the term related parties ,related party transactions ,relatives and Key management personnel. The Act and rules deals with financial limits and approval process of such transaction.

**Objective:**

The Policy is intended to ensure that

- Related Parties are indentified.
- Related Party transactions are evaluated.
- Necessary approvals are obtained from the Audit Committee, the Board and Shareholders as may be required from time to time.
- Related Party transactions are identified.
- Related Party transactions are disclosed in the Financial Statements as required by the Companies Act and any other legislation, if any.

**Definitions:**

“Audit Committee or Committee” Means the committee of the Board constituted from time to time under the provisions of Companies Act 2013.

“Board” Means the Board of Directors as defined under the Companies Act 2013.

“Key Managerial Personal” Means Key Managerial Personnel as defined under Companies Act 2013.

“Material Related Party transaction” means a related party transaction which individually or taken together with previous transactions during the financial year exceeds 10% of annual consolidated turnover of the company as per the last audited financial statements of the company.”

“Related Party Transaction” have meaning as defined under regulation 2(1)(zc) of Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulation 2015, which means any transaction between the company and related party for transfer of resources , services or obligations ,regardless of whether a price is charged and includes.

- A) sale, purchase or supply of any goods or materials.
- b) Selling or otherwise disposing of, or buying property of any kind.
- c) Leasing of property of any kind.
- d) Availing or rendering of any service.

- e) Appointment of any agent for the purchase or sale of goods, materials, services or property.
- f) Such Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company.
- g) Underwriting the subscription of any securities or derivatives thereof, of the company.
- h) Financing (including loans and equity contributions cash or kind).
- i) Providing or obtaining Guarantees and collaterals.
- j) Deputation of employees.

(the above is an indicative list and no exhaustive list)

Relative: Relative means a relative as defined under the Companies Act 2013, and includes anyone who is related in any of the following manner.

- a) Members of Hindu Undivided Family.
- b) Husband or Wife
- c) Father(Including Stepfather)
- d) Mother(including Stepmother)
- e) Son(including stepson)
- f) Son's wife
- g) Daughter
- h) Daughter's Husband
- i) Brother(Including Step Brother)
- j) Sister(including step sister)

“Transaction” with the related party will be construed to include a single transaction or a group of transaction.

## **Manner of Dealing with Related Party Transaction:**

### **1 Identification of Related Parties:**

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under section 2(76) of the Act and Rules framed there under and regulation 2(1)(zb) of the SEBI Listing regulations.

### **2. Identification of relate party Transactions:**

The company has formulated guidelines for identification of related party transaction in accordance with section 188 of the Companies act 2013 and regulation 2(1)(zc) of SEBI Listing regulation. The company has also formulated guidelines for determining whether the transaction is in ordinary course of business and at arm's length basis and for this purpose , the company will seek external opinion if any.

### **3. Consideration by the committee in approving the proposed transaction :**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions

affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

#### **4. APPROVAL BY THE BOARD**

If the Committee determines that a Related Party Transaction should be brought before 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 Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

#### **5. OMNIBUS APPROVAL BY THE COMMITTEE:**

Approval of the Audit committee:

- A) All the related party transactions require audit committee approval. However the company may retain omnibus approval from the audit committee from such transaction subject to compliances with following conditions.

The audit committee shall, after obtaining the omnibus approval of Board of Directors specify the criteria for obtaining omnibus approval in line with the policy and such approval

Which shall include the following namely.

- 1) Maximum Value of transaction in aggregate, which can be allowed under omnibus route in the year.
- 2) The maximum value per transaction which can be allowed .
- 3) Extent and manner of disclosure made to the audit committee at the time of seeking omnibus approval.
- 4) Review at such intervals as the audit committee may deem fit, related party transaction entered into by the company pursuant to such omnibus approval route.
- 5) Transaction which cannot be subjected to the omnibus approval of the audit committee.

- B) The Audit committee shall consider the following factors while specifying the criteria for making omnibus approval namely:
- a)Repetitiveness of the transaction:
  - b)Justification for the need of omnibus approval.

- C) The audit committee shall satisfy itself regarding the need of omnibus approval for Transactions repetitive in nature and such approval is in the interest of the company.

- D) The Omnibus approval shall provide details namely
- 1) The name of the related party, nature of the transaction, period of transaction , maximum aggregated value of the particular type of the transactions that can be entered into
  - 2)Basis of arriving the indicative base price /current contracted price and the formulae for variation in the price if any and III) such other conditions as the audit committee may deem fit.
- E) The Audit committee shall review , at least on quarterly basis , the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given.
- F) Such omnibus approval , shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- G) Omnibus approval shall not be made for transaction in respect of selling or disposing of the undertaking of the company.
- H) Any other conditions as the Audit committee may deem fit.

B) In compliance to the approval of the Board of Directors, the Audit committee

of the company has specified following criteria for granting omnibus approval:

i)The maximum value of transaction in aggregate , which can be allowed under omnibus route in a year will be 30% of the annual consolidated turnover of the company as per its last audited financial statements.

ii)The Maximum value per transaction which can be valued under omnibus route will be the same as per the materiality threshold .

Iii )While assessing a proposal put up before audit committee/ Board of approval

C) The audit committee/ Board may review the following documents/seeking the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

!) Nature of the transaction i,e details of property acquired /transferred or service to be rendered –including description of functions to be performed , risk to be assumed and assets to be employed under the proposed transaction.

2 Key terms of the proposed transactions including quantum and value.

3) Key covenants of the transaction as per the proposed agreement / contract to be entered into for such transaction.

4) Special terms to be covered /to be covered in separate letters or undertakings or any other special or sub arrangement forming part of of a composite transaction .

5) Benchmarking information that may have a bearing on the arm's length basis analysis such as :

- a) Market analysis
- b) Third party comparable such as valuation reports , price publications, including stock exchange and commodity market quotations.
- c) Management assessment and pricing terms and business justification for the proposed transaction
- d) Comparative analysis if any of other such transaction entered into by the company.
- e) Transactions of the following nature will not be subjected to the omnibus approval of the audit committee
  - i) Transaction which are not arm's length or not in the ordinary course of business.
  - ii) Transactions which are not repetitive in nature
  - iii) Transactions exceeding materiality thresholds
  - iv) Transactions in respect of selling and or disposing of the undertaking of the company
  - v) Financial transaction e.g-Loan to related parties, Inter-corporate deposits, subscription to bonds, debenture or preference shares issued by the related parties corporate guarantee given, received for related party.

**6)Approval by the Shareholders of the company:**

All the transactions with related parties exceeding materiality thresholds laid down are placed before shareholders for approval.

In addition to the above all the transactions specified under section 188 of the Act which are not (a)Are not arm's length or not in the ordinary course of the business and b) exceed the threshold laid in the companies are placed before the shareholders for its approval.