

**THAMBBI MODERN SPINNING MILLS LIMITED**

Registered Office: Omalur Road, Jagir Ammapalayam, Salem-636 302

Corporate Identity Number (CIN): L 17111TZ1977PLC000776

Website: [www.thambbimodern.com](http://www.thambbimodern.com), Email : [tmsml@ymail.com](mailto:tmsml@ymail.com)

Tel: 0427-2345425

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**RELATED PARTY TRANSACTION POLICY**

**1. PREAMBLE**

The Board of Directors (“the Board”) of Thambbi Modern Spinning Mills Limited (“the company”) based on recommendations of the Audit Committee has formulated a Policy on Related Party Transactions (“the policy”) to regulate the transaction between the company & one or more related party in compliance with the requirements of Clause 49 of the Equity Listing Agreement with the Stock Exchange and Section 188 of the Companies Act, 2013 and the Rules framed there under. The said Policy includes materiality thresholds and the manner of dealing with Related Party Transactions.

Based upon the recommendation of the Audit Committee, the policy shall be amended/ reviewed by the Board from time to time.

**2. OBJECTIVE**

The objective of the policy is to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

**3. DEFINITIONS**

**“Arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**“Audit Committee or Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Reg 23 of SEBI (LODR).

**“Board”** means the Board of Directors as defined under the Companies Act, 2013.

**“Key Managerial Personnel”** means Key Managerial Personnel as defined under the 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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed under Companies Act, 2013 or the Listing Agreement and as amended from time to time.

**“Policy”** means Related Party Transaction Policy of the Company

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**“Related Party”** means a related party as defined under Section (76) of the Companies Act, 2013 read with Regulation 2(zb) of SEBI (LODR) and as amended from time to time.

**“Related Party Transaction”** means all transaction between the Company and one or more related party including contracts, arrangements and transactions prescribed under Section 188(1) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

**“Relative”** means a relative as defined under Section (77) of the Companies Act, 2013 and the rules framed thereunder.

#### **4. POLICY**

All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

##### **4.1. IDENTIFICATION OF RELATED PARTIES:**

Every Director and Key Managerial Personnel is responsible for providing notice to the Audit/Board Committee of any potential RPTs involving him or her or his or her Relative, including any additional information about the Transaction that the Board/Audit committee may reasonably request. The Board/Audit Committee will determine whether the Transaction does in fact, constitute a Related Party Transaction requiring compliance with the Policy.

##### **4.2. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

All Related Party Transactions require prior approval of the Audit Committee. Every Related Party Transaction will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

To review a Related Party Transaction, the Audit Committee will be provided with the necessary information with the extent relevant, with respect to actual or potential Related Party Transaction and/or prescribed under Companies Act,

2013 and the rules framed thereunder and the Listing Agreement.

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**4.3. 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.

**4.4. OMNIBUS APPROVAL BY THE AUDIT COMMITTEE**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

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

**4.5. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS**

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

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**4.6. TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH**

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

**4.7. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

**5. DISCLOSURES:**

This policy shall be displayed on the web site of the Company and a web link of it shall be mentioned in the Annual Report. Details of Material Related Party Transactions if any shall be disclosed to the stock exchange quarterly along with the compliance report on corporate governance. Every Related Party Transaction entered into by the Company shall be referred to in the Board's report and pertaining to the Related Party Transaction entered into by the Company under Section 188(1) of the Companies Act, 2013 which are not in the ordinary course of business or arm's length basis, a justification for entering into such transaction shall be disclosed in the Board's Report.

**6. AMENDMENTS IN LAW**

Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this policy.

7. The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.