

## TIPS FILMS LIMITED

### POLICY ON RELATED PARTY TRANSACTIONS

#### **INTRODUCTION:**

The Board of Directors (the "Board") of Tips Films 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.

#### **DEFINITION:**

"Act" shall mean the Companies Act, 2013 and includes any amendment thereof.

"Company" means TIPS Films LIMITED.

"Related party" means an entity shall be considered as related to the Company if:

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable accounting standards.

"Related Party Transactions" means a transaction between the Company and a Related Party which reported transaction is of the nature specified in sub-clause (a) to (g) of section 188 (1) of the Companies Act 2013, or is a reported related party transaction as understood under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Material Related Party Transaction" means an RPT with thresholds as prescribed under the Listing Regulations.

"Material modification" means any subsequent change to an existing RPT, having variance of 20% of the existing limit of Rs. 10 crores whichever is lower.

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

"Ordinary course of business" means the usual transactions, customs and practices undertaken by the company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

All capitalized terms used in this policy defined herein shall have the meaning assigned to such term in the Act and Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law(as existing on the date of the concerned transaction) shall prevail.

**PROCEDURE:**

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

All the transactions which are identified as Related Party Transactions shall be approved by the Audit Committee in the manner specified under the Act. The Audit Committee shall consider all relevant factors while deliberating the RPT for its approval.

Any Member of the Audit Committee who has any potential interest in any RPT shall rescue himself and abstain from discussion and voting on the approval of RPT. A Related Party transactions which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with the policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The Audit Committee shall review on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company pursuant to the omnibus approval.

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

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

Consent of the Board would be taken in respect of all reported related party transaction, except in the cases where the reported transactions entered into by the Company in its ordinary course of business and are on an arm's length basis. In case any Related Party Transactions are referred by the Company to the Board for its approval due to transactions being (i) not in the ordinary course of business, or (ii) not at arms length price, the Board will consider such factors as, nature of the transaction, material terms, the

manner of determining the pricing and the business rationale for entering into such transaction. On such consideration the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. 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:**

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

➤ **Omnibus Approval:**

Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature subject to their value not exceeding Rs.1 crore per transaction.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

**DISCLOSURE:**

Every reported Related Party Transactions shall be disclosed in the following manner:

- In the Directors' report along with proper justification for entering into such contract or arrangement.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.

This policy will be communicated to all Directors and Key Managerial Personnel of the Company.

**AMENDMENT:**

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

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