



INDIA PESTICIDES LIMITED

Policy on Related Party Transaction

Policy

Contents

| # | Headings | Page Nos: |
|---|---|-----------|
| | Document Control Log | 2 |
| 1 | Preamble, Scope and Applicability | 3 |
| 2 | Definitions | 4 |
| 3 | Policy | 5 |
| | Contracts or Arrangements not in the ordinary course of business or at Arm's Length Basis | 5 |
| | Material Related Party Transactions | 6 |
| 4 | Disclosures | 6 |
| 5 | General | 7 |
| 6 | Approval of the Shareholders of the Company | 7 |
| 7 | Review of the Policy | 7 |
| 8 | Annexure-A | 8 |



Document Control Log

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| | | |
|------------------|---|--------------------------|
| Standards | SEBI of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 | Company Act, 2013 |
| Clause No. | 23 | 188 |

| Action | Name | Designation & Department | Date |
|-------------|--------------|--|------------|
| Prepared by | Ajeet Pandey | Company Secretary | 06/12/2020 |
| Reviewed by | S P Gupta | Company Secretary & Compliance Officer | 28/12/2020 |
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1. PREAMBLE, SCOPE AND APPLICABILITY

The Board of Directors (“**Board**”) of India Pesticides Limited (“**the Company**” or “**IPL**”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy is framed in compliance with the provisions of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**the Listing Regulations**”) and such other Rules/Regulations, as may be notified by the Government/ SEBI from time to time and Section 188 of the Companies Act, 2013 (“**the Act**”) and the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, and other applicable provisions, if any; collectively referred to as the Applicable Regulatory Provisions.

Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

All Related Party Transactions shall be entered into by the Company in accordance with this Policy or in accordance with the applicable provisions.

2. DEFINITIONS

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|----|---|---|
| a. | Arm's length transaction | has been defined to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest |
| b. | Audit Committee | the Audit Committee of the Board constituted under provisions of the Listing Regulations and the Act |
| c. | Board | Board of Directors of the Company |
| d. | Key Managerial Personnel | shall have the meaning as defined in section 2(51) of the Act and other applicable provisions, if any, as amended from time to time |
| e. | Material Related Party Transaction | shall have the meaning as defined in the Applicable Regulatory Provisions. Without prejudice to the foregoing, at present, as per the explanation to Regulation 23(1) of the Listing Regulations, this term means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company. |
| f. | 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. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines. |
| g. | Relatives | with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with clause 4 of the Companies (Specification of definition details) Rules, 2014. |
| h. | Related Party | means related party as defined in section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations and any other applicable provisions as amended from time to time. |
| i. | Related Party Transaction(s) | refers to those transactions that are covered under the scope of section 188 of the Act and Regulation 2(zc) of the Listing Regulations and any other applicable provisions as amended from time to time |

3. POLICY

The Company shall **not** enter into contracts or arrangements with a related party without the approval of the Audit Committee.

On a quarterly basis, the Audit Committee shall review transactions with related parties for omnibus approval given on the basis of the Applicable Regulatory Provisions. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Board of Directors in their meeting held on **November, 2020** has approved the threshold limits as provided in **Annexure A** of this Policy for determining the materiality

Company shall not directly or indirectly give loan or give any guarantee or security in connection with loan to any person or body corporate exceeding prescribed limits. However, such restrictions would not apply to transactions with wholly owned subsidiary (ies).

➤ CONTRACTS OR ARRANGEMENTS NOT IN THE ORDINARY COURSE OF BUSINESS OR AT ARM'S LENGTH BASIS

Contracts or arrangements approved which are not in the ordinary course of business or at arm's length shall be disclosed in the Board's Report along with justification for entering into such contract or arrangement.

In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

➤ MATERIAL RELATED PARTY TRANSACTIONS

All material related party transactions will be placed for the approval of the shareholders of the Company and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Transactions with wholly owned subsidiary (ies), whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, are exempt from approval of shareholders.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

4. DISCLOSURES

The Company shall disclose details of contracts or arrangements or transactions not at arm's length basis in its Directors Report and material contracts or arrangement or transactions at arm's length basis in its Corporate Governance Report.

Additionally, disclosures of transactions of the Company with any person or entity belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company, should be in the format prescribed in the relevant accounting standards for annual results.

Appropriate disclosures as required under the Act and the SEBI (LODR) Regulations will be made in the annual return, Board's report and to the stock exchanges. The Policy shall also be disclosed on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

Further, the Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related



party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges where the specified securities (as defined in the Listing Regulations) of the Company are listed and publish the same on its website.

5. GENERAL

For the purpose of this policy, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

6. APPROVAL OF THE SHAREHOLDERS OF THE COMPANY

All Material Related Party Transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. Provided that the requirements specified herein shall not apply in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

In addition to the above, all kinds of transactions specified under Section 188 of the Companies Act as mentioned below need approval of shareholders:

- are not in the ordinary course of business or not at arm's length basis; and
- exceeds the thresholds laid down in the Act and the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended from time to time).

7. REVIEW OF THE POLICY

This Policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

‘ANNEXURE-A’

All Related Party Transactions will be subject to following approval matrix, as may be applicable:

| Provisions | Approval Required | | |
|--|-------------------|--------------------|---|
| | Audit Committee | Board of Directors | Shareholders (Ordinary Resolution) |
| Transactions in ordinary course of business and on annual arm's length basis up to 10% of annual consolidated turnover of the Company | √ | | |
| Transactions in ordinary course of business and on annual arm's length basis in excess of 10% of annual consolidated turnover of the Company | √ | √ | √ |
| Payments made to a Related Party with respect to brand usage or royalty up to 2% of annual consolidated turnover of the Company | √ | | |
| Payments made to a Related Party with respect to brand usage or royalty in excess of 2% of annual consolidated turnover of the Company | √ | √ | √ |
| Transactions either not in the ordinary course of business or arm's length basis | | | |
| Sale, purchase or supply of any goods or materials, directly or through appointment of agent. | √ | √ | *√ *Exceeding 10% of annual turnover or Rs.100 Crore whichever is lower |
| Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent. | √ | √ | *√ *Exceeding 10% of net worth or Rs.100 Crore whichever is lower |
| Leasing of property of any kind. | √ | √ | *√ *Exceeding 10% of turnover or 10% of net worth or Rs.100 Crore whichever is lower |
| Availing or rendering of any services, directly or through appointment of agent | √ | √ | *√ *Exceeding 10% of annual turnover or Rs. 50 Crore whichever is lower |

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|--|---|---|---|
| Appointment to any office or place of profit in the company, its subsidiary company or associate company | √ | √ | *√ *Remuneration exceeds Rs. 250,000 per month |
| Underwriting the subscription of any securities of the company or derivatives thereof | √ | √ | *√ *Remuneration exceeds 1% of net worth |

* Note: In case of shareholders' approval for such transactions, related parties that are parties to the contract shall abstain from voting.

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