

POLICY ON RELATED PARTY TRANSACTIONS

PREFACE

Adarsh Plant Protect Limited (the “Company”) recognizes that Related Party Transactions can present potential and/ or actual conflicts and may raise questions whether such transactions are consistent with the Company’s and the stakeholders’ best interests.

The Policy on Related Party Transactions of the Company (the “Policy”) sets forth the conduct and manner to deal with all the related party transactions of the Company. Accordingly, all Related Party Transactions shall be subject to review by the Board of Directors (the “Board”) and/ or the Audit Committee and/or the shareholders in accordance with the procedures set forth below.

This Policy is governed by the provisions of the Companies Act, 2013 (the “CA’13”) and rules/regulations related thereto and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the “LODR Regulations”).

PURPOSE

This Policy is intended to ensure the proper procedures related to transactions between the Company and its related parties related to them, in order to provide guidance to the Company’s Management to help them recognize and deal with actual or apparent conflicts of interests.

DEFINITIONS

❖ **Related Party:**

In terms of Section 2(76) of the CA’13 and Regulation 2(zb) of the Regulations, “related party”, with reference to a Company, means—

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private Company in which a director or manager is a member or director;
- (v) a public Company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;



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- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any Company which is—

- (A) a holding, subsidiary or an associate Company of such Company; or
(B) a subsidiary of a holding Company to which it is also a subsidiary;
(C) an investing company or the venturer of the company;

Explanation: For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

- (ix) a director [other than an independent director] or key managerial personnel of the holding Company or his relative with reference to a Company, shall be deemed to be a related party.

- (x) an entity which is a related party under applicable accounting standards;

Provided that:-

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
(b) any person or any entity, holding equity shares:
(i) of twenty per cent or more; or
(ii) of ten per cent or more;

in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)

❖ **Relative:**

In accordance with Section 2(77) of the CA'13 and Clause 2(zd) of the Regulations, ‘relative’, with reference to any person, means anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
(ii) they are husband and wife; or
(iii) Father (including step-father)
(iv) Mother (including step-mother)
(v) Son (including step-son)
(vi) Son’s wife.
(vii) Daughter.
(viii) Daughter’s husband.
(ix) Brother (step-brother)
(x) Sister (the step-sister)



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❖ **Key Managerial personnel (KMP):**

KMP are defined under Section 204 of the CA'13 as under:

- i. Managing Director or CEO or the manager or in their absence, the whole-time director
- ii. Company Secretary, and
- iii. Chief Financial Officer

❖ **Related Party Transactions (RPTs):**

Clause 2(zc) of the Regulations provided that a related party transaction is a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (i) payment of dividend;
 - (ii) subdivision or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified.

Further, in accordance with Section 188 of the CA'13, any contract or arrangement with a related party with respect to—

- (a) sale, purchase or supply of any goods or materials;



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- (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 services;
- (e) appointment of any agent for 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; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company;

shall be termed as related party transactions.

Explanation- the expression “office or place of profit” means any office or place—

- (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise

❖ **Material Related Party Transactions:**

All transactions with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Further, 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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

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



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- ❖ **Ordinary course of business** for the purpose of this Policy refers to routine business activities, transactions, customs and practices carried out by the Company and includes any incidental activities thereto, by taking into consideration following criteria:
- Permissible activity
 - Nature of activity
 - Frequency pattern
 - Historical practice
 - Industrial norms and practice

❖ **Turnover**

In accordance with Section 2(91) of the CA'13, turnover means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

❖ **Net worth**

In accordance with Section 2(91) of the CA'13, net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

Explanation: The Turnover or Net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding financial year.

DISCLOSURE OF INTERESTS BY DIRECTOR/ KMP IN EXISTING OR POTENTIAL TRANSACTIONS

All Directors and KMPs shall declare and disclose their concerns or interests in any entity and/ or with any individual in the first Board Meeting held after their appointment and/ or held in every financial year and whenever there is change in their disclosures.

Every Director/ KMP shall provide notice to the Audit Committee or the Board disclosing his concern/ interest in any existing/ potential related party transactions along with any additional information as and when required by the Audit Committee or the Board to arrive at a decision related to the approval of the said RPT.



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APPROVAL OF RELATED PARTY TRANSACTIONS

❖ General

Except with the consent of the Board of Directors and subject to such conditions as prescribed in the CA'13, the Company shall enter into RPTs which are not in ordinary course of business and/or not at arm's length price but whose value is within the limits as prescribed in the CA'13 and the Rules made there under.

All Related Party Transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity. Further, only those members of the audit committee, who are independent directors, shall approve related party transactions.

All material RPTs and subsequent material modifications as defined by the audit committee shall require prior 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.

Audit Committee/ the Board shall approve only those related party transactions which are to be entered into in ordinary course of business and at arm's length within the stipulated threshold value limits as specified in Section 188 of the CA'13 and the Rules made there under.

RPTs which are not in ordinary course of business and/or not at arm's length price and whose value exceeds the limits as prescribed in the CA'13 and Rules made there under shall take be executed only after obtaining the prior approval of the Company by a resolution of shareholders in the General Meeting.

In accordance with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014, except with the prior approval of the shareholders by a resolution, the company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into-

- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mention below-
 - (i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company], as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;



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- (iii) leasing of property any kind amounting to ten percent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- (iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation: It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.
- (c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

All material RPTs shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

❖ **Omnibus Approval**

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee shall consider following base for granting the omnibus approval to Related Party Transactions:
 - i. Nature of proposed RPTs- routine and repetitive
 - ii. Proposed RPTs are in ordinary course of business and at arm's length price &/or other terms & conditions
 - iii. Value and quantity to be ordered are unpredictable as proposed RPTs are need-based transactions
 - iv. Proposed RPTs are to be executed for ease in production process
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into; (ii) the indicative base price / current contracted price and the formula



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for variation in the price if any; and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transactions ("RPTs) cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

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

MANNER OF APPROVAL OF THE RELATED PARTY TRANSACTIONS

Each director or key managerial personnel of the Company, who is a related party with respect to a particular related party transaction, shall disclose all material information to the Committee concerning such Related Party Transaction and his or her interest in such transaction.

The agenda of the Committee Meeting/ Board meeting at which the resolution is proposed to be moved shall disclose-

- (a) the name of the related party and nature of relationship;
- (b) the nature, duration of the contract and particulars of the contract or arrangement;
- (c) the material terms of the contract or arrangement including the value, if any;
- (d) any advance paid or received for the contract or arrangement, if any;
- (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (g) any other information relevant or important for the Board to take a decision on the proposed transaction.

Where any director or key managerial personnel is interested in any contract or arrangement with a related party, such director or key managerial personnel shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement and decision of approval/ disapproval and voting process related thereto.



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The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 shall contain the following particulars namely-

- (a) name of the related party;
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangement
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.

Related parties who are members of the Company shall abstain from voting on resolutions related to material related party transactions whether they are related parties to the particular transaction or not.

EXECUTION OF RELATED PARTY TRANSACTIONS WITHOUT REQUIRED AUTHORISATION

Ratification can be obtained from the Audit Committee and/or the Board and/or the Shareholders, as the case may be, within 3 months from the date of such contract. If no ratification is obtained within the above period, the contract shall be voidable at the option of the Board. Further, if the contract is with a Party which is related to any director or is authorised by any other director, such director/s shall be liable to indemnify the Company against any loss incurred.

REGISTERS OF CONTRACTS OR ARRANGEMENTS

A Register of Contracts/ Arrangements shall be maintained as prescribed containing particulars of contracts or arrangements with a related party with respect to transactions requiring approval of the Board/ General Meeting and other particulars as prescribed.

The entries in the register shall be made at once, whenever there is a cause to make entry, in chronological order and shall be authenticated by the Company Secretary of the Company or by any other person authorised by the Board for the purpose. The register shall be kept at the registered office of the Company and the register shall be preserved permanently and shall be kept in the custody of the Company secretary of the Company or any other person authorised by the Board for the purpose.

The Company shall provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made upon the payment



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of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

DISCLOSURES

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall submit to the stock exchanges disclosures of RPTs in the format as specified from time to time, and publish the same on its website, every six months on the date of publication of its standalone and consolidated financial results.

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and disclosure of web-link in the Annual Report.

Every contract or arrangement to be entered into requiring shareholders' approval by way of resolution in the general meeting shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

REVIEW OF THE RPTs

Details of all RPTs as approved by the Audit Committee and/ or the Board, as the case may be, shall be placed before the Audit Committee and/ or the Board on quarterly basis for their review.

The Audit Committee shall review the material facts of all Related Party Transactions and may also approve or disapprove of the entry into the Related Party Transaction, subject to the exceptions as prescribed in the CA'13 and the Rules made thereunder and the LODR Regulations.

The Audit Committee will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction.

ADMINISTRATIVE MEASURES

Without prejudice to anything contained in sub-section (3) of the CA'13, it shall be open to the Company to proceed against a director or any other employee who had entered into



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such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

Any non-compliance to aforesaid provisions leads to penal consequences as stipulated in the CA'13.

INTERPRETATION

In any circumstance where the terms of this Policy and procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the applicable law, rule, regulation or standard will take precedence over these policies and procedures until such time as this Policies and procedures are changed to conform to the law, rule, regulation or standard.

REVIEW AND AMENDMENT

The Policy shall be reviewed by the Board at least once in every three years and at any time consequent upon any amendment to applicable laws of land and shall be updated accordingly.

For Adarsh Plant Protect Limited

Sd/-

Mr. Naishadkumar N. Patel

Chairperson

[DIN: 00082749]

Date: 14th November, 2024

