



RELATED

PARTY

TRANSACTIONS

(RPT)

POLICY

SHARDA CROPCHEM LIMITED



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RELATED PARTY TRANSACTIONS POLICY:

1. Preamble

Sharda Cropchem Limited (“Company”) believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

This Related Party Transactions Policy (Policy) is framed as per requirement of Revised Clause 49 of the Listing Agreement and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties and to ensure fairness in the conduct of related party in terms of the applicable laws.

2. Applicability

This Policy will be applicable to the Company with respect to all Related Party Transactions (RPT) covered within the scope of Section 188 of the Companies Act, 2013 read with rules made thereunder and/or Revised Clause 49 of the Listing Agreement, as may be amended from time to time.

3. Definitions

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“**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.

For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax, 1961.



“Associate Company” means any company in which the Company has a significant influence but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

Explanation- For the purpose of this clause, “significant influence” means Control of atleast 20% of total share capital, or business decision under an agreement.

“Key Managerial Personnel” in relation to a Company meanss

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a whole time director;
- ii. Company Secretary; and
- iii. Chief Financial Officer

“Material Related Party Transaction” is a transaction entered into individually or taken together with previous transactions during a financial year exceed 10 % of annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Related Party” as per Companies Act shall have the meaning as defined in Section 2(76) of the Companies Act, 2013 as follows;

- 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 or holds along with his relatives, more than 2 % of its paid-up share capital;
- vi. any bodies corporate whose board of director, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:



Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in 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;

(ix) such other persons as may be prescribed by Central Government.

“Related Party” as per Revised Clause 49 shall have the meaning as defined in Section 2(76) of the Companies Act, 2013; or an entity that is a related party under the applicable accounting standards.

“Related Party Transactions” means

- for the purpose of the Companies Act, 2013, specified transactions mentioned in clauses (a) to (g) of sub-section 1 of Section 188 as follows;
 - (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 if 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 such company, its subsidiary company or associate company; and
 - (g) underwriting the subscription of any securities or derivatives thereof, of the company
- for the purpose of Revised Clause 49, any transaction involving a Related Party which is in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.



“**Relatives**” with reference to any person shall have the meaning as defined in Section 2(77) of the Companies Act, 2013 read with clause 4 of the Companies (Specification of definition details) Rules, 2014

4. Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transactions involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of interest and Audit Committee will determine whether the transaction does, in fact constitute a Related Party Transactions requiring compliance with this policy.

The Company shall also identify the Related Party Transactions with Directors or Key Managerial Personnel of the Holding Company/ies or their relatives.

Audit Committee Requirements:

- All Related Party Transactions shall require prior approval of the Audit Committee whether at a Meeting or Resolutions by Circulation.
- However the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions contained in Revised Clause 49 of the Listing Agreement.
- Such approval shall be valid for one year and shall require fresh approvals after the expiry of one year.
- The Audit Committee shall review on quarterly basis the details of the RPT entered by the Company.
- Any member of the Committee who has a potential interest in any Related Party Transactions shall abstain from discussion and voting on the approval of the said Transaction.



- Transactions entered into between Holding Company and its Wholly Owned Subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the General Meeting for approval shall not require prior approval of the Audit Committee.

Board of Director's Requirements:

- Transactions with the related parties as defined under the Companies Act, 2013 within the scope of Section 188 of the Act, which are either not in Ordinary Course of Business or are not at Arms' Length, shall require prior approval of the Board of Directors.
- Where any Director is interested in any contract or arrangement with a related party such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Shareholder's Requirements:

As per the requirements of Companies Act, 2013

- Transactions with the related parties as covered within the scope of Section 188 of the Act which are either not in the 'Ordinary Course of Business' or are not on an 'Arms' Length Basis' and exceeds the threshold under Section 188 of the Act and the Rules made thereunder, shall require prior approval of the Shareholders through Resolution.
- No member of the Company shall vote in the resolution where such member is a related party in the context of the contract or arrangement which is being considered.

As per the requirements of Revised Clause 49

- All Material Related Party Transactions covered within the scope of Revised Clause 49 shall require approval of Shareholders through Resolution.



- All the entities falling under the definition of related parties (as defined under Revised Clause 49) shall abstain from voting irrespective of whether entity is a party to the particular transaction or not.
- However the above shall not be applicable to transactions between Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the General Meeting for approval.

5. Related Party Transactions not Approved under this policy

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transactions. The Audit Committee shall also examine the facts and circumstances of the case and take any such action it deems appropriate.

6. Disclosure

This policy shall also be uploaded on the website of the Company and a web-link thereto shall be provided in the Annual Report of the Company.

7. 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.

This policy shall, overall, be governed by Companies Act 2013 and the Revised Clause 49 as may be amended from time to time.