

DHARMAJ CROP GUARD LIMITED

RELATED PARTY TRANSACTION POLICY

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INTRODUCTION

Dharmaj Crop Guard Limited (the “Company” or “DCGL”) has formulated this Related Party Transaction policy (this “Policy”) in line with Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), 2015 as amended by Securities and Exchange of India (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2018 (“LODR Regulations”).

OBJECTIVES

The Audit Committee of the Company has approved this Policy to set forth the procedures under which transactions between the Company and Related Parties shall be identified and reviewed for approval or ratification in accordance with the procedures set forth below and as prescribed under LODR Regulations and the Companies Act 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof) (the “Act”).

No Related Party transaction may be entered into or no existing Related Party transaction shall be modified or renewed by the Company, except in accordance with the provisions of this Policy.

DEFINITIONS

“**Audit Committee**” or “**Committee**” means the audit committee of the Board of Directors of the Company constituted in accordance with the requirements prescribed under the Act and LODR Regulations.

“**Key Managerial Personnel**” shall have the meaning ascribed to it under the Act.

“**Related Party**”: - an entity shall be considered related to the Company if:

- (i) such entity is a related party under Section 2(76) of the Act ; or
- (ii) such entity is a related party under the applicable accounting standards.
- (iii) as per provision of SEBI LODR as amended from time to time.

The definition of Related Party shall include;

- a. All persons or entities forming part of promoter or promoter group irrespective of their shareholding.
- b. Any person/entity holding equity shares in the listed entity as below, either directly or indirectly or on a beneficial interest basis at any time during the immediately preceding financial year to the extent of 10% or more

An extract of the relevant definitions under Section 2(76) of the Act and Indian Accounting Standard– 24 (which is the relevant accounting standard in this regard) is set forth in Annexure A.

“**Related party transaction**” means a transaction involving a transfer of resources, services or obligations between: (a) the Company and its related parties; (b) the Company and Related Parties of subsidiaries; (c) Transactions between Subsidiaries and Related Parties of the Company; (d) Transactions between Subsidiaries and Related Parties of subsidiaries; and (e), it shall also include the Company or 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 Company or 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.

Exemption from purview of RPT- (a) Issue of Equity Shares/ other securities convertible into equity shares, on preferential basis. (b) Following Corporate actions which are uniformly applicable/ offered to all Shareholders: (i) Payment of Dividend (ii) Sub-division /consolidation of securities (iii) Issuance of securities by way of Rights/Bonus Issue, (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 by SEBI.

“**Relative**” shall have the meaning ascribed to it under the Act.

In the event of any inconsistency or conflict between a term as defined in this Policy and as prescribed under LODR Regulations, the Act or Ind AS-24 (as applicable), the definition under such relevant regulatory framework would prevail.

Material Related Party Transactions:

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 Rs.1,000 crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Provided 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(s) 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company

RELATED PARTIES

The Related Parties of the Company would have to be identified and ascertained in light of the aforementioned definition of Related Party.

Each director, manager and key managerial personnel of the Company shall disclose to the Company, a list of all persons, companies, firms, body corporates and other entities (together with their interest/holding thereunder) who/which would be categorized as a Related Party to the Company. The list shall be submitted to the Company (i) at the time of appointment of such person to office; and (ii) at the first meeting of the Board held in every financial year, subject to immediately intimating the Company of any modification/variation to the list so provided.

The obligations of the directors and key managerial personnel of the Company to disclose their interest as required under the Act are in addition and not in substitution of the aforementioned obligations. In addition, the directors have to give an undertaking that all business transactions entered into between DCGL and themselves comply with the terms of this Policy.

Similarly, the disclosure obligations of the directors and key managerial personnel hereunder would not supersede or prevail over the right and obligation of the Audit Committee and the Board to evaluate and determine whether a party is a Related Party, whose decision shall be final.

Further, based on the group structure of DCGL, and investments made by or in DCGL, the Audit Committee and the Board should determine whether any entity would be a Related Party.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

1. Subject to the omnibus approval process referred to under Regulation 23 of LODR Regulations and hereunder, all Related Party Transactions shall require the prior approval of the Audit Committee.
2. Accordingly,
 - a. Prior to the commencement of each financial year, the Audit Committee shall meet to consider the Related Party Transactions of DCGL for the financial year; and
 - b. During the financial year, if any Related Party Transaction is proposed to be entered, the Audit Committee shall consider the approval of the said Related Party Transaction at the relevant time.
3. The management shall present to the Audit Committee the following information with respect to each Related Party:
 - a. The name of the Related Party nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - b. the indicative base price / current contracted price and the formula for variation in the price if any; and
 - c. such other conditions as the audit committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
 - (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals 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:
4. 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 under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;]
5. After reviewing such information and after seeking such other information, documentation and clarifications that the Committee may require, the members of the Audit Committee (without the participation of the Audit Committee member(s) interested in the transaction, if any) may approve or disapprove such transaction(s), subject to such monetary or other limitations and conditions as the Committee may deem fit. The Committee may convene, adjourn, re-convene and hold afresh such number of meetings as it may require in this regard.

6.No member of the Audit Committee shall participate in the review, consideration or approval process of any Related Party Transaction with respect to which he is interested.

All RPTs shall be placed before the Audit Committee and/or Board of Directors

The approval of Board of Directors and Shareholders required for related party transactions (RPT) have been mentioned in the Table below:

(Approval of Audit Committee is required for all related party transactions)

Transactions	Not in ordinary course of business	Not at Arm`s length Basis	In ordinary course of business	At Arm`s length Basis
Material RPT (as per Listing regulations)	Board approval & Shareholder`s approval by ordinary resolution			
All RPT exceeding limits of Rule 15 under Companies (Meetings of Board and its Powers) Rules, 2014	Board approval & Shareholder`s approval by ordinary resolution	Board approval & Shareholder`s approval by ordinary resolution	None	None
All RPT within limits under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014	Board Resolution	Board Resolution	None	None

Note: All RPTs exceeding the limits prescribed under Rule 15 of Companies (Meetings of Board and its Power) Rules, 2014 will require prior approval of the Shareholders.

OMNIBUS APPROVAL BY AUDIT COMMITTEE

The Audit Committee would grant omnibus approval only if it is satisfied of the need of such approval and that it meets the criteria set out hereinabove (Para 5) for approval of Related Party Transactions.

The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Audit 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 the same is in the interest of the Company. The omnibus approval shall specify the following:

1. Name of the related party.
2. Nature of the transaction.
3. Period of the transaction.
4. Maximum amount of the transactions that can be entered into.
5. Indicative base price / current contracted price and formula for variation in price, if any.
6. 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. The thresholds and limitations set forth by the Committee would have to be strictly complied with, and any variation thereto including to the price, value or material terms of the contract or arrangement shall require the prior approval of the Audit Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details (as aforementioned) are not available, the Audit Committee may grant omnibus approval. The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification.

Further, the Audit Committee shall, on a quarterly basis, review and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

- ✓ Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require prior approval of the Board or of shareholders as discussed subsequently.
- ✓ 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.

Ratification of the RPT :

- I. RPTs entered into inadvertently or accidentally without the approval of the Competent Authority needs to be ratified within three months or next Board meeting from the date of the execution of the said RPT by the Board/Shareholders of the Company, as the case may be.
- II. If such RPTs are not ratified by the Board/Shareholders of the Company as the case may be, such transaction shall be *void ab initio* and not binding on the Company.

APPROVAL OF THE BOARD AND THE SHAREHOLDERS

The Company shall ensure strict compliance with its obligations under the Act in relation to related party transactions, as defined thereunder, including:

- a. Procuring the prior approval of the Committee. The process set forth hereinabove in relation to approval by the Committees shall *mutatis mutandis* apply to such approval under the Act;
- b. Consent of the Board by a resolution at a board meeting, with interested directors recusing themselves;

On the transaction being approved by the Audit Committee, the matter shall be placed before the Board for its approval, if any required. In granting such approval, the Board shall have due regard to the factors set forth in Paragraph (5) above.

- c. Consent of the shareholders by way of an ordinary resolution if the transaction exceeds the thresholds prescribed under the 2013 Act (as detailed in Annexure B); and

Whether exception for transactions entered in the ordinary course of business and on an arm's length basis can be invoked shall be established by placing reliance upon (i) a valuation report obtained from a valuer; and (ii) an independent opinion from a legal counsel.

- d. Complying with the disclosure requirements in the agenda for the board meeting and the explanatory statement for the general meeting.

Under Regulation 23 of LODR Regulations, all Material Related Party Transactions shall require approval of the shareholders. The resolution will be an ordinary resolution and no entities falling under the definition of Related Parties shall vote to approve, irrespective of whether the entity is a party to the particular transaction or not. However, for the purpose of Regulation 23 of LODR Regulations, transactions entered into between a 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, does not require shareholder approval.

MODIFICATIONS AND FAILURE TO PROCURE APPROVALS

If any modification or amendment to an approved related party transaction is proposed, such modification or amendment shall require the prior approval of the relevant authority (Audit Committee, the Board, shareholder, as the case may be), and the process set forth hereinabove shall once again apply to such approval. The modification/amendment shall not be effected unless approved by the Audit Committee. In addition to considering the factors set forth in paragraph (5) above, the approving authority shall consider (i) the impact of the modification/variation on the arm's length pricing; and (ii) whether the modification would trigger any Board or shareholder approval (which may not have been applicable to the existing transaction prior to such modification).

Subject to and without prejudice to the obligation to procure prior approvals under this Policy, in the event that a related party transaction is not been approved under this Policy, prior to its consummation, the matter shall be forthwith reviewed by the Audit Committee, and its findings and recommendations should be placed before the Board. The Board shall consider all of the relevant facts and circumstances regarding the related party transaction, and the Board shall (or if the concerned related party transaction required the approval of the shareholders, the shareholders shall, based on the recommendation of the Board) determine the proposed way forward including any ratification, revision or termination of the said related party transaction and/or initiating any compounding proceedings with the concerned regulator, initiating disciplinary action against the concerned director/employee/key managerial personnel, provided however that all such actions shall be subject to and in due compliance with applicable law.

DISCLOSURE

RPTs and prescribed details thereof will be disclosed in the i) Directors’ Report ii) Annual Report iii) half yearly on a consolidated basis, in the format specified in the relevant accounting standards to the stock exchanges and be publish on Company’s website, in accordance with the provisions of Companies Act, 2013 and rules made thereunder and as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereto from time to time and in any other manner/ report as may be required by applicable legislation.

POLICY REVIEW

The requirements, conditionality’s, thresholds and compliance obligations under the Act and LODR Regulations are independent and separate, and each of these requirements would have to be independently evaluated, determined and fulfilled, and the Audit Committee, the Board and the Company shall have due regard to the same.

This Policy is framed based on the provisions of the Act and Regulation 23 of LODR Regulations as existing on February 05, 2020.

In case of any subsequent changes in the provisions of the Actor any other regulations which makes any of the provisions in the Policy inconsistent with the Act or other regulations, such provisions of the Act or other regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Audit Committee.

Procedure for Approval of the Non-Exempt RPT:

The Assessor will refer all non-exempt RPT to the Audit Committee for assessment and approval The Audit Committee will review and assess the said Non -Exempt RPT and if the RPT is found

Exempt	Approve the RPT for execution
Non Exempt	Recommend to the Board of Directors for further direction and Compliance

ANNEXURE A

1. Section 2(76) of the Act

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 or his relative is a member or director;
- (v) a public company in which a director or manager is a director or 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;
- (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 body corporate which is—
 - (A) a holding, subsidiary or an associate company of such company;
 - (B) a subsidiary of a holding company to which it is also a subsidiary; or
 - (C) an investing company or the venturer of a 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) such other person as may be prescribed

2. Ind AS24

Ind AS 24 deals only with related party relationships described below:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- i. has control or joint control of the reporting entity;
- ii. has significant influence over the reporting entity; or
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled or jointly controlled by a person identified in (a).
- vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

- (c) **Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including:**
- i. that person's children, spouse or domestic partner, brother, sister, father and mother;
 - ii. children of that person's spouse or domestic partner; and
 - iii. dependents of that person or that person's spouse or domestic partner.
- (d) **Compensation includes all employee benefits (as defined in Ind AS 19, Employee Benefits) including employee benefits to which Ind AS 102, Share-based Payments, applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:**
- i) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;
 - ii) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
 - iii) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;
 - iv) termination benefits; and
 - v) share-based payment.
- (e) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
- (f) Government refers to government, government agencies and similar bodies whether local, national or international.
- (g) A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.
- (h) The terms 'control' and 'investment entity', 'joint control' and 'significant influence' are defined in Ind AS 110, Ind AS 111, Joint Arrangements, and Ind AS28, Investments in Associates and Joint Ventures, respectively and are used in this Standard with the meanings specified in those IndASs.
- (i) In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

ANNEXURE B

Category of Transactions	Threshold under the Act
Sale, purchase or supply of any goods or services	10% or more of the turnover
Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of an agent	10% or more of the net worth
Leasing of property of any kind	10% or more of the turnover
Availing or rendering of any services, directly or through appointment of an agent	10% or more of the turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of net worth

***Limits would apply to transactions entered into individually or taken together with previous transactions during a financial year**

**** Turnover and Net worth shall be computed on the basis of the audited balance sheet of the preceding financial year**

For DHARMAJ CROP GUARD LIMITED

SD/-

**Ramesh Ravajibhai Talavia
Chairman & Managing Director
DIN: 01619743**