

SUPER CROP SAFE LIMITED
RELATED PARTY TRANSACTION POLICY

1. SCOPE AND PURPOSE

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the Listing Obligation and Disclosure Requirements Regulations, 2015, Super Crop Safe Limited (“SCSL” or “the Company”) has formulated Policy for identification of related parties and the proper conduct and documentation of all related party transactions.

Accordingly, SCSL has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. The Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

2. OBJECTIVE

The objective of the Policy is to set out the materiality threshold limit for related party transactions and the manner of dealing with the transactions between the Company and its related parties based on the requirements of the Companies Act, 2013, Regulation 23 of the Listing Obligation and Disclosure Requirements Regulations, 2015 and any other laws and regulations as may be applicable to the Company from time to time.

3. DEFINITIONS

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

“**Arm’s length transaction**” 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 Act, 1961.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under Regulations of Listing Obligation and Disclosure Requirements Regulations, 2015 and Companies Act, 2013, from time to time.

“**Associate Company**” means any other 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 at least twenty per cent of total share capital, or business decisions under any agreement.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

“**Material Related Party Transaction**” means transaction/transactions with the related party 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 and transaction specified in clause (a) to (g) of Subsection 2 of Section 188 of the Companies Act.

“**Policy**” means Related Party Transaction Policy.

“**Related Party**” means an entity which –

- a) is a related party under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder;
- b) is a related party under the applicable accounting standards.

“**Related Party Transaction or transactions**” means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whatever the price is charged.

Explanation – A “transaction” with a Related Party shall be construed to include single or a group of transactions in a contract.

4. POLICY AND PROCEDURE

- **Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

- **Procedures**

A. Identification of Related Party Transactions

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and the rules thereunder.

B. Review and approval of Related Party Transaction

» **Audit Committee**

- Every Related Party Transaction shall be subject to the prior approval of the Audit Committee.

Further, as per the Act, the related party transaction shall not require approval of the Audit Committee where the transactions are in the ordinary course of business and also on arm’s length basis.

- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the conditions contained in Regulation 23 of the Listing Obligation and Disclosure Requirements Regulations, 2015 as amended from time to time.

The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.
- To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.
- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

» **Approval of the Board**

- All Related Party Transactions (other than Material Related Party Transactions) which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all such related party transactions exceeding threshold limits prescribed in the Act as per Annexure 1 shall also require prior approval of shareholders of the Company by way of Special Resolution and related party/ies shall abstain from voting on such resolution.

- All the material Related Party Transactions shall require approval of the Board the Related Party/ies shall abstain from voting on such resolution.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;

- third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
- management assessment of pricing terms and business justification for the proposed transaction;
- comparative analysis, if any, of other such transaction entered into by the company.

Approval of the Shareholders of the Company

All the transactions with related parties meeting the materiality thresholds, laid down in Annexure 1 of the Policy, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

5. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro-rata as the Related Party.

6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. DISCLOSURES

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

8. POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the Regulation 23 of the Listing Obligation and Disclosure Requirements Regulations, 2015 with the Stock Exchange.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Regulation 23 of the Listing Obligation and Disclosure Requirements Regulations, 2015 with Stock Exchanges or any other regulations (“the Regulations”) which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification in the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

ANNEXURE 1

Transactions that, require previous approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/arrangements as follows :

As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below -

- Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
- Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
- Leasing of property of any kind exceeding ten per cent of the net worth of the company or ten percent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;
- Availing or rendering of any services, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013.

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
