

AIMCO PESTICIDES LIMITED
CIN: L24210MH1987PLC044362

POLICY ON RELATED PARTY TRANSACTION

(With effect from 12.02.2015)

INTRODUCTION

The Board of Directors (the “Board”) of **Aimco Pesticides Limited** (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions (“RPT”) and materiality of such transactions.

OBJECTIVE

Related Party Transactions have been one of the major areas of focus for corporate governance reforms. The Changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the Revised Clause 49 of the Listing Agreement requires the companies to have enhanced transparency and due process for approval of the Related Party Transactions. One such requirement is that companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. This policy is to regulate transactions between the Company and its Related Parties based on laws and regulations applicable to the Company. This policy intends to ensure proper approval and reporting of transactions between the Company and its Related Parties.

DEFINITIONS

1. **“Act”** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modification, amendments, clarifications, circulars or re-enactment thereof.
2. **“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.
3. **“Audit Committee”** or **“Committee”** means Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Companies Act, 2013.
4. **“Board of Directors”** or **“Board”** means the Board of Directors of **Aimco Pesticides Limited**, as constituted from time to time.
5. **“Company”** means **Aimco Pesticides Limited**.

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

6. **“Material Related Party Transaction”** 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.

7. **“Policy”** means Policy on Related Party Transactions.

8. **“Related Party”** means related party as defined in Clause 49 of the Listing Agreement which is as follows:

An entity shall be considered as related to the Company if:

(i) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or

(ii) Such entity is a related party under the applicable accounting standards.

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

10. **“Relative”** means relative as defined under section 2(77) of the Companies Act, 2013.

POLICY

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

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 Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. The Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Review and Approval of Related Party Transactions

Audit Committee:-

Every Related Party Transactions shall be subject to prior approval of the Audit Committee at meeting or by resolution by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transaction proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in clause 49 of the Listing Agreement.

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.

Board:-

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Shareholders:-

All the material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall abstain from voting on such resolution.

Prohibitions relating to Related Party Transaction

Normally, no Related Party Transaction shall be entered into by the Company unless it is in the ordinary course of its business and at arm's length basis. In case it is essential and in the interest of the Company to enter into such Related Party Transaction, the said transaction is required to be pre-approved as may be necessary under the Companies Act, 2013 and other applicable laws and this policy by following the requisite procedure in this regard.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of 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 Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In a case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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

DISCLOSURES

The Policy on dealing with Related Party Transactions shall be disclosed on the Company's website and a web link thereto would be disclosed in the Annual Report of the Company.

The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

Details of all material transactions with related parties shall be disclosed quarterly along with compliance report on Corporate Governance.

AMENDMENTS

Any subsequent amendment / modification in the listing agreement and / or other applicable laws in this regard shall automatically apply to this Policy.