

AIMCO PESTICIDES LIMITED
CIN: L24210MH1987PLC044362

POLICY ON RELATED PARTY TRANSACTION

INTRODUCTION

The Company has always been committed to good Corporate Governance practice as well as highest ethical & legal conduct in fulfilling its responsibilities.

The Board of Directors (the "Board") of Aimco Pesticides Limited ("the Company"), has adopted the following policy with regard to Related Party Transactions ("RPT" Policy) and materiality of such transactions, in line with the requirements of Section 188 of the Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as "The Act") and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 and amendments thereto from time to time (hereinafter referred to as "SEBI Listing Regulations").

This RPT policy has been adopted by the Board of Directors of the Company based on the recommendation of the Audit Committee. The Committee will review and may recommend amendments to this policy from time to time.

OBJECTIVE

Related Party Transactions have been one of the major areas of focus for corporate governance reforms.

The Objective of this policy is to ensure proper approval, disclosure and reporting of transactions, as applicable, between the Company and any of its related parties as per the legal requirements and in the best interest of the Company and its Shareholders.

This policy is designed to govern the Transparency of approval process and disclosure requirements to ensure fairness in the conduct of related party transactions in terms of the applicable laws.

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 Section 177 of 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"** in relation to a Company means
 - i. The Chief Executive Officer, or the Managing Director or the Manager;
 - ii. The Company Secretary;
 - iii. The Whole Time Director;
 - iv. Chief Financial Officer;
 - v. Such other officer as may be prescribed under the Companies Act, 2013
7. **"Material Related Party Transaction"** Transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 1000 Crores or 10 % of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
8. **"Ordinary Course of Business"** The transaction / activity can be treated as being in the 'Ordinary course of business' (not exhaustive and cumulative - either or):
 - Covered in the main object / objects incidental to main object in Memorandum of Association
 - Transactions are necessary and normal
 - Transactions are reasonable in the context of business
 - Transaction are customary and happen with a certain frequency
 - Transactions that are infrequent but important to the central mission / objective of the business
 - Transaction part of standard industry practice
9. **"Policy"** means Policy on Related Party Transactions.
10. **"Related Party"**, with reference to the Company, shall have the meaning as defined in Section 2(76) of the Companies Act, 2013.

"Related Party", definition as per Listing Regulations:

"Related Party", a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more (or of 10% or more, with effect from April 01, 2023) of shareholding in the listed entity 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 recognized stock exchange(s);

11. "Related Party Transaction" means a transaction

- i. Mentioned in clauses (a) to (g) of Sub-section 1 of Section 188 of the Act.
- ii. Mentioned in clause (zc) of Regulation 2 of Listing Regulations.

12. "Relative" means relative as defined under section 2(77) of the Companies Act, 2013.

POLICY ON RELATED PARTY TRANSACTIONS:

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:-

All Related Party Transactions and subsequent material modifications 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 the provisions of the listing regulations.

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.

List of transaction required prior approval of Audit Committee of Listed Entity:

- i. If transaction executed between subsidiary of listed entity & RP of Listed entity & RP of subsidiary.
- ii. If Subsidiary Company is unlisted.
- iii. If subsidiary Company is Listed and regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.
- iv. If the value of transaction, or multiple transactions taken together in a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financials of the listed company. This threshold is set to change to 10% of the standalone turnover of the listed company from 1 April 2023.
- v. Further, all RPT and subsequent material modifications in RPT as define by Audit Committee in its policy on materiality of related party transactions and on dealing with related party transactions shall require prior approval of Listed entity.

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:-

Prior approval of Shareholders of Listed entity is required in the following case:

- (i) All material related party transactions and subsequent material modifications as defined by the audit committee in the policies.
- (ii) If the transaction in which the unlisted subsidiary is a party but the listed entity is not a party.

Prior approval of Shareholders of Listed entity is not required in the following case:

- (i) If the transaction in which the listed subsidiary is a party but the listed entity is not a party & regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.
- (ii) If 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

Note: No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Any member who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on such resolution the approval of the Related Party Transaction.

MATERIALITY THRESHOLDS

Regulations 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolution whether such entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulation.

Notwithstanding the above, with effect from July 01, 2019 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 the financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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

This Policy 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.

The Company shall submit within the stipulated time limit and in the stipulated format, from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, to the stock exchanges and publish the same on its website

The approved yearly thresholds for the Related Party Transactions shall be considered and read to be a part of this Policy.

Appropriate disclosure as required under the Act and SEBI Listing Regulation will be made in the Annual Return, Board Report and to BSE Ltd.

AMENDMENTS

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

This RPT Policy was adopted by the Board on February 12, 2015 and further amended from time to time. Last updated on May 28, 2022.