



# ***SIMRAN AGROVET LIMITED***

***CIN: U15400MP2017PLC043674***

## **POLICY ON RELATED PARTY TRANSACTION**

## **1. PREAMBLE**

This Policy on Related Party Transactions (“Policy”) is framed pursuant to the provisions of Section 177 and 188 of the Companies Act, 2013 read with the rules made thereunder, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) and Applicable provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), as amended from time to time.

As the Company proposes to undertake an Initial Public Offering (IPO) and list its securities on recognized stock exchanges, this Policy is formulated to ensure appropriate governance framework for identification, review, approval, and disclosure of Related Party Transactions (“RPTs”), in order to safeguard the interests of shareholders and other stakeholders.

## **2. OBJECTIVE**

The Company recognizes that transactions with Related Parties can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s best interests and those of its stakeholders. Accordingly, this Policy is intended to ensure proper approval and reporting of transactions between the Company and its Related Parties and to set out the following:

- To set out the materiality thresholds for Related Party Transactions (“RPTs”);
- To provide a framework for identification, review, approval, and disclosure of RPTs;
- To ensure transparency and compliance with applicable laws, regulations, and governance standards.

## **3. DEFINITIONS**

**“Arm’s Length Transaction”** as per Explanation (b) to Section 188(1) of the Companies Act, 2013.

**“Audit Committee” or “Committee”** means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the SEBI Listing Regulations and the Companies Act, 2013.

**“Board”** means the Board of Directors of SIMRAN AGROVET LIMITED

**“Company” or “Simran”** means SIMRAN AGROVET LIMITED

**“Key Managerial Personnel” (KMP)** means as defined in Section 2(51) of the Companies Act, 2013.

**“Material Related Party Transactions” (Material RPT)** means a Material RPT as per Explanation to Sub-regulation 1 of Regulation 23 of SEBI (LODR) Regulations, viz., a transaction with a related party shall be considered material, if the **transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity**

**as per the last audited financial statements of the listed entity, whichever is lower.**

**“Material Modifications”** means any change in the approved terms which has a financial implication of 25% or more of the contract/transaction value or Rs 5.00 crore, whichever is lower.

**“Policy”** means this Policy, as amended from time to time.

**“Related Party”** as defined in Section 2(76) of the Companies Act, 2013, clause (zb) of Regulation 2(1) of SEBI (LODR) Regulations, 2015 and such entity is a related party **under the applicable Accounting Standards.**

**“Related Party Transactions” (RPT)** means, as defined in clause (zc) of Regulation 2(1) of SEBI (LODR) Regulations, 2015

**“Relative”** means, as defined in sub-section 77 of section 2 of the Companies Act, 2013 and rules prescribed there under:

**“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

**“Subsidiary Company”** means, as defined in clause (zm) of Regulation 2(1) of SEBI (LODR) Regulations, 2015, subsidiary company as defined in sub-section 87 of section 2 of the Companies Act, 2013.

#### **4. IDENTIFICATION OF RELATED PARTIES & TRANSACTIONS:**

A. Every Director will be responsible for providing a declaration containing the following information to the Company Secretary and Compliance Officer of the Company on an annual basis and whenever there is a change in the information provided:

- (1) Names of his / her Relatives;
- (2) Partnership firms in which he / she or his / her Relative is a partner;
- (3) Private Companies in which he / she or his / her Relative is a member or a Director;
- (4) Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- (5) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- (6) Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

B. Every Key Managerial Personnel of the Company will be responsible for providing a declaration containing the following information to the Company Secretary and Compliance officer of the Company on an annual basis and whenever there is a change in the information provided:

- (1) Names of his / her Relatives;

(2) Partnership firms in which he / she or his / her Relative is a Partner;

- C. Every Director or Key Managerial Personnel of the company will be responsible for providing a declaration containing the information to the Company Secretary and Compliance officer of the Company on an annual basis and whenever there is a change in the information pertaining to Names of his / her Relatives;
- D. Every Director, Key Managerial Personnel, officers authorized to enter into contracts/ arrangements will be responsible for providing prior Notice to the Chief Financial Officer with a copy to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.
- E. Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013 and under SEBI LODR, as amended from time to time.
- F. Any transaction by the Company with a Related Party will be regulated as per this Policy.

#### **5. APPROVAL MECHANISM FOR ENTERING INTO RELATED PARTY TRANSACTIONS**

- 1. All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made there under.
- 2. Where the Company enters into a contract / transactions with a related party, which stipulates details of every transaction like nature of the transaction, period of transaction, contract price or methodology of price determination / variation, if any, maximum amount of transaction, credit terms etc., prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such agreement and such transactions will not require any additional approval of the Audit Committee.
- 3. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions, namely-
  - (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
  - (b) The Audit Committee shall satisfy for following criteria while making omnibus approval:

- a. Need for such omnibus approval and that such approval is in the interest of the Company;
  - b. Repetitiveness of the transactions (in past or in future)
  - c. Justification for the need of omnibus approval
- (c) In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. One Crore per transaction or such amount as may be prescribed from time to time.
- (d) All Omnibus approvals granted pursuant to Companies Act, 2013 and SEBI LODR shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year. However, the Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the company or its subsidiary pursuant to each of the omnibus approval given.
4. A member of the Committee who has a potential interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered.
5. The Board would approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or SEBI LODR and/or transactions referred to it by the Audit Committee.
6. Where any director is interested in any Related Party Transaction, such director will not remain present at the meeting when such Related Party Transaction is considered.
7. To review a Related Party Transaction, the Board/ Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors:
  - Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis as if the transaction did not involve a Related Party;
  - Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
  - Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
  - Whether the Related Party Transaction would present a conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any

proposed relationship and any other factors the Board/ Audit Committee deem fit to consider.

8. Further, in terms of the provisions of the SEBI LODR, all material related party transactions and subsequent material modifications as may be prescribed from time to time shall require prior approval of the shareholders of the Company through resolution (unless it is exempted pursuant to the provisions of SEBI LODR) and no related party shall vote to approve such resolution(s) whether the entity is a related party to the particular transaction or not:
9. The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the fulfillment of given conditions.
10. Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the company against any loss incurred by it.
11. Notwithstanding anything mentioned herein, 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 a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
12. Transactions involves remuneration and sitting fees paid by the company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of regulation 23(1).
13. The summary of the approval mechanism under SEBI (LODR) Regulations, 2015 and Companies Act 2013 is provided as under:

<b>Details of Transaction</b>	<b>Approving Authority</b>
All related party transactions (other than those mentioned below) and any modifications to the contracts/ arrangements	<ul style="list-style-type: none"> <li>• Audit Committee (including Omnibus Approval for a maximum period of one year)</li> </ul>
Specified RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (less than threshold limits)	<ul style="list-style-type: none"> <li>• Recommendations by Audit Committee</li> <li>• Approval by Board of Directors.</li> </ul>
Specified RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (beyond threshold limits)	<ul style="list-style-type: none"> <li>• Recommendations by Audit Committee to Board</li> <li>• Recommendations by Board to Shareholders</li> <li>• Approval by shareholders</li> </ul>

Material RPTs	<ul style="list-style-type: none"> <li>• Recommendations by Audit Committee to Board</li> <li>• Recommendations by Board to Shareholders</li> <li>• Approval by shareholders.</li> </ul>
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In the event of inadvertent omission to seek the approval of the Related Party Transactions in accordance with the policy, the Audit Committee/Board/Shareholders reserve the right to ratify as they may deem fit.

## **6. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS**

Every Related Party Transaction / contracts or arrangements that are:- (i) material or (ii) not at arm's length basis and/ or ordinary course of business, shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction as per the requirement of the Companies Act, 2013.

The various business heads, department heads or any person authorized to enter into any transaction on behalf of the Company shall in case of a related party transactions, first consult the CFO and obtain his confirmation that the transaction is both in the ordinary course of business and at Arm's length basis and requisite approvals are in place.

The Company shall make disclosures as may be required pursuant to the applicable law relating to related party transactions.

## **7. AMENDMENTS**

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendation(s) of Audit Committee, from time to time.

## **8. DISSEMINATION OF POLICY**

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

## **9. EFFECTIVE DATE**

The Policy shall become effective from the date of its adoption by the Board of Directors of the Company.