

## POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

### **1. Preamble, Scope Objective and Applicability:**

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The Board of Directors of Shree Pushkar Chemicals and Fertilisers Limited (“the Company” or “SPCFL”) have adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This Policy shall be called ‘Policy on materiality of and dealing with Related Party Transactions’.

This policy is framed in compliance with the provisions of Regulation 23 and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, and other applicable provisions, if any; collectively referred to as the Applicable Regulatory Provisions.

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made there under (“the Act”), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended or re-enacted from time to time (“Listing Regulations”) and which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions, wherever required.

All Related Party Transactions shall be entered into by the Company in accordance with this Policy or in accordance with the applicable provisions.

### **2. Definitions:**

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#### **2.1. Arms’ Length Transactions:**

“Arms’ Length Transaction” shall mean:

(a) a transaction between the Company and the Related Party that is conducted as if they were unrelated, so that there is no conflict of interest and

(b) Such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income- tax Act, 1961.

## **2.2. Ordinary Course of Business:**

“Ordinary Course of Business” shall mean the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

## **2.3. Related Party**

“Related Party” shall mean:

(i) a related party as defined under Section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations;

(ii) a related party as defined under the applicable Accounting Standards;

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b) any person or any entity, holding equity shares **of ten per cent or more** in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.”

## **2.4. Related Party Transaction(s):**

“Related Party Transaction” shall mean a transaction involving transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity or any of 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 listed entity or any of 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:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities;
- (c) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:”

and include:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services
- (f) such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associate company and
- (g) underwriting the subscription of any securities or derivatives thereof, of the Company

## **2.5. Material Related Party Transaction:**

“**Material Related Party Transaction**” shall have the meaning as defined in the Applicable Regulatory Provisions.

Without prejudice to the foregoing, at present, as per the explanation to Regulation 23(1) of the Listing Regulations, this term means a transaction with a related party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees 1,000 crores or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company, whichever is lower.

Further, 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## **2.6. “Material Modification”**

**Material Modification** shall mean any modification which exceeds 20% of the approved limit of the Related Party Transactions after taking into consideration the revised proposal relating thereto.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or any other applicable law or regulation.

## **3. Identification of Related Parties:**

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The Company shall seek required disclosures or information from Directors and/or Key Managerial Personnel to identify a related party, in such form or manner as per the Act/ applicable laws, as amended from time to time.

#### **4. Review and Approval of Related Party Transactions:**

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The Company may enter into any related party transaction and subsequent material modifications thereof with the prior approval of the Audit Committee and only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

All Material Related Party Transactions and subsequent Material Modifications thereof shall require prior 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.

However, prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, **exceeds ten percent** of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Provided further that prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

Provided also that remuneration and sitting fees paid by the listed entity 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 sub-regulation (1) of this regulation.

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 following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

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 authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

#### **EXCEPTIONS**

The provisions of sub-regulations (2), (3) and (4) of Regulation 23 shall not be applicable in the following cases:

- 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.

- transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

On a quarterly basis, the Audit Committee shall review transactions with related parties for omnibus approval given on the basis of the Applicable Regulatory Provisions. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

#### **5. Materiality Thresholds:**

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Regulation 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. None of the Related Parties of a Company shall vote to approve on such resolution irrespective of whether the entity is a Related Party to the particular transaction or not.

However, the requirements specified above 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.

The Company has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A), 23(2) and 23(4) of the SEBI Listing Regulations. The Board of Directors in their meeting held on 11<sup>th</sup> February, 2025 have approved the threshold limits as provided in **Annexure A** of this Policy for determining the materiality.

#### **6. Contracts or Arrangements not in the Ordinary course of business or at Arm's Length basis:**

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Contracts or arrangements approved which are not in the ordinary course of business or at arm's length shall be disclosed in the Board's Report along with justification for entering into such contract or arrangement.

In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

## **7. Disclosure:**

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Disclosures as appropriate concerning the related party transactions and/or Material Related Party Transactions shall be made in the Annual Report of the Company including its Financial Statements and also to the Stock Exchanges where equity shares of the Company are listed and to such other authority as may be prescribed.

The Company shall disclose details of contracts or arrangements or transactions not at arm's length basis in its Directors Report and material contracts or arrangement or transactions at arm's length basis in its Corporate Governance Report.

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

The Company shall disclose details of loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount, by the listed entity and its subsidiaries, in their CG report forming part of annual report.

Further, the Company shall submit every six months on the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format as specified by the Board from time to time to the stock exchanges where the specified securities (as defined in the Listing Regulations) of the Company are listed and publish the same on its website.

Provided that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter



or promoter group, shall not require disclosure under this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

## **8. Miscellaneous:**

8.1 This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

8.2 Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 & Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Accounting Standards and other applicable provisions for the time being in force.

8.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

### **Document History**

Approved by	: Board of Directors
Adopted on	: 06/11/2015
1 <sup>st</sup> Amendment on	: 20/05/2019
2 <sup>nd</sup> Amendment on	: 11/02/2022
3 <sup>rd</sup> Amendment on	: 11/02/2025

**'ANNEXURE-A'**

All Related Party Transactions will be subject to following approval matrix, as may be applicable:

Provisions	Approval Required		
	Audit Committee	Board of Directors	Shareholders (Ordinary Resolution)
Transactions in ordinary course of business and on annual arm's length basis up to Rs 1000 crores or 10% of annual consolidated turnover of the Company, whichever is lower	√		
Transactions in ordinary course of business and on annual arm's length basis in excess of Rs 1000 crores or 10% of annual consolidated turnover of the Company, whichever is lower	√	√	√
Payments made to a Related Party with respect to brand usage or royalty up to 5% of annual consolidated turnover of the Company	√		
Payments made to a Related Party with respect to brand usage or royalty in excess of 5% of annual consolidated turnover of the Company	√	√	√
Related party transaction to which the subsidiary of the Company is a party but the Company is not a party, and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary and it does not crosses the materiality criteria	√		



Related party transaction to which the subsidiary of the Company is a party but the Company is not a party, and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary and it crosses the materiality criteria	√	√	√
Transactions either not in the ordinary course of business or arm's length basis			
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	√	√	*√ *Exceeding 10% of annual turnover or
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	√	√	*√ *Exceeding 10% of net worth
Leasing of property of any kind.	√	√	*√ *Exceeding 10% of turnover
Availing or rendering of any services, directly or through appointment of agent	√	√	*√ *Exceeding 10% of annual turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	√	√	*√ *Remuneration exceeds Rs. 250,000 per month
Underwriting the subscription of any securities of the company or derivatives thereof	√	√	*√ *Remuneration exceeds 1% of net worth
* Note: In case of shareholders' approval for such transactions, related parties that are parties to the contract shall abstain from voting.			