

SAPTARISHI AGRO INDUSTRIES LIMITED
RELATED PARTY TRANSACTION POLICY



PREFACE

Saptarishi Agro Industries Limited (hereinafter referred to as “SAIL”), being a listed entity, is required to implement a Related Party Transaction in accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and Section 188 of the Companies Act, 2013 and Rules thereto. This policy is intended to ensure proper approval, disclosure, and reporting of transactions between the Company and its Related Parties in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

SAIL has adopted this Related Party Transactions Policy (“the Code”) to facilitate the identification of related parties, define the approval process for related party transactions (RPTs), and establish clear disclosure and reporting obligations.

The Audit Committee will review and may amend this policy from time to time as per .

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

LEGAL FRAMEWORK / REGULATORY BACKGROUND

This policy is framed in accordance with the following laws and regulations:

- **Companies Act, 2013** – Section 188 and relevant rules under the Companies (Meetings of Board and its Powers) Rules, 2014.
- **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015** – Regulation 23.
- **Indian Accounting Standard (Ind AS) 24** – Related Party Disclosures.

Any other laws, regulations, or amendments thereto applicable to the Company from time to time

DEFINITIONS

“**Applicable Laws**” shall mean the (i) Listing Regulations, (ii) Other SEBI Laws, (iii) Companies Act, 2013 and (iv) the Companies Act, 1956, along with relevant rules, regulations and amendments thereto issued from time to time;

“**Audit Committee**” means a Committee constituted by the Board of Directors of the Company in accordance with regulations of SEBI LODR and Companies Act, 2013.

“**Board**” means the Board of Directors of the Company.

“**Company**” means the Saptarishi Agro Industries Limited (“SAIL”) and its subsidiaries, if any.

“**Control**” shall have the same meaning as defined in Sec. 2(27) of the Companies Act, 2013

“**Director**” means a Director on the Board of Directors of the Company.

“**Industry Standards**” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.

“**Key Managerial Personnel**” “**Key Managerial Personnel**” in relation to the Company shall be as defined under Section 2(51) of the Act, as amended from time to time.

“**Material modification**” will mean and include any modification to a Related Party Transaction of an amount exceeding 20% of the existing value of transaction / contract.

Provided further that in case of multiyear contracts with Related Parties, material modification shall mean and include any modification of an amount exceeding 20% of the transaction / contract value prevailing as at the end of the immediately preceding financial year.

“Related Party” with reference to a Company, shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations.

“Related party Transactions” shall be as per Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015. Accordingly, a related party transaction is a transaction involving transfer of resources, services, or obligations between

- 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;
- 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 Company 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, including but not limited to the following –
 - 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 or property;
 - f) appointment to any office or place of profit in the company
 - g) underwriting the subscription of any securities or derivatives thereof, of the Company.

“Relative”, shall have the same meaning as defined in section 2(77) of the Companies Act, 2013, namely with reference to any person, means anyone who is related to another, if:

- a. They are members of a Hindu Undivided Family;
- b. They are husband and wife; or
- c. If he or she is related to another in the following manner:
 - d. Father including step-father;
 - e. Mother including step-mother;
 - f. Son including step-son;
 - g. Son’s wife;
 - h. Daughter; (including step-daughter);
 - i. Daughter’s husband;
 - j. Brother including step-brother;
 - k. Sister including step-sister

“SEBI LODR” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

“Subsidiary” For the purposes of this document, the term ‘Subsidiary’ shall mean a subsidiary company as defined under Section 2(87) of the Companies Act, 2013 and the rules made thereunder, and shall also include a subsidiary as defined under Regulation 2(1)(zm) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. This definition shall apply whether or not the Company currently has any subsidiary, and shall cover any company that may become a subsidiary of **Saptarishi Agro Industries Limited** in the future upon its incorporation or acquisition in accordance with applicable laws.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

SCOPE OF THE POLICY

This Policy applies to all transactions entered into between the Company and its Related Parties as defined under the Companies Act, 2013 and SEBI LODR Regulations. It covers the identification of related parties, the process for obtaining necessary approvals, and the disclosure and reporting of such transactions. The Policy ensures that all RPTs are conducted in a fair, transparent, and compliant manner, safeguarding the interests of the Company and its stakeholders.

MATERIALITY THRESHOLDS

In accordance with Regulation 23 of Listing Regulations, the Company has formulated this Policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the Board of Directors.

A transaction with a related party shall be considered material if the transactions to be entered individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore 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 ("Material Related Party Transaction").

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, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements.

REPORTING, REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- a) All Related Party Transactions or changes therein must be reported by the Chief Financial Officer (CFO) and Head of Accounts Department of the Company or to the Company Secretary & Compliance Officer and referred for prior approval by the Audit Committee in accordance with this Policy.
- b) All the transactions which are identified by the Audit Committee as related party transactions and subsequent material modifications shall require prior approval of the Audit Committee before entering into such transaction. The Company Secretary shall place the details of all related party transactions received from Accounts / Finance before the Audit Committee for its approval.
- c) Prior approval of the Audit Committee shall be obtained for all Related Party Transactions and subsequent material modifications other than those with Exempted Wholly Owned Subsidiaries and between two wholly owned subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).

Provided that the remuneration and sitting fees paid by the Company or its subsidiary to its Director, Key Managerial Personnel or Senior Management Personnel, 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 Listing Regulations.

- d) The Audit Committee may, in the interest of the conduct of affairs of the Company and after satisfying itself of the need therefor, grant omnibus approval for the related party transactions proposed to be entered into by the Company or its Subsidiary which are of the repetitive nature and shall take into account the following factors while considering such transactions for its approval: -
 - Name of the related party, nature of transaction, period of transaction, if any;
 - The maximum amount upto which the transaction can be entered into;
 - The manner of determining the pricing to ascertain whether the same is on arm's length;

- Minimum Information to be placed before the Audit Committee as required under the Industry Standards
 - Such other factors as the Audit Committee may deem fit or specified in any rules and regulations.
- e) The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its Subsidiary, that cannot be foreseen and for which the aforesaid details are not available up to a value of Rupees One Crore per transaction.
- f) The Audit Committee shall review, at least 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. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- g) Any Member of the Audit Committee who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction if the Audit Committee determines that a related party transaction is
- (i) a Material related party transaction
 - (ii) not in the ordinary course of business or not at the arm's length price,

the Committee shall place the matter before the Board for obtaining its approval.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS (RPTS)

All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee unless otherwise specifically exempted in accordance with this Policy.

Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

a. Identification / monitoring mechanism of potential Related Party and RPTs

- All Related Party Transactions and subsequent Material Modifications shall be identified and brought to the notice of the Audit Committee of the Company. Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.
- All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.
- The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.
- Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- Material Related Party Transactions
- Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
- Residual Related Party Transactions.

b. Approval process of Related Party Transactions

(i) Approval of Audit Committee

- a) Subject to the omnibus approval process under Regulation 23(3) of the SEBI LODR Regulations and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2015, all Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee.
- b) A Related Party Transaction to which the Subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds the threshold limits specified under Regulation 23(2) of SEBI LODR Regulations, as amended from time to time.
- c) Where any member of Audit Committee / Director is interested in any contract or arrangement with a Related Party, such member / Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

(ii) Approval of the Board of Directors

The following transactions shall require approval of the Board duly recommended by the Audit Committee:

- a) All transactions with Related Parties specified under Section 188 of the Companies Act, which are not in ordinary course of business or not at arm's length, or both.
- b) All transactions with Related Parties which are required to be placed before the shareholders for approval under the Companies Act or SEBI LODR Regulations.

(iii) Approval of the shareholders

- a) All Material Related Party Transactions and any subsequent Material Modifications made thereto shall require prior approval of the shareholders through a resolution and all the Related Parties shall not vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.
- b) All Related Party Transactions specified under Section 188 of the Companies Act, which are not in ordinary course of business or not on arm's length basis and exceed the threshold limits specified thereunder shall require prior approval of the shareholders through a resolution and voting restrictions for this purpose would be governed by the Companies Act and SEBI LODR as amended from time to time.

Procedure for approving Related Party Transactions and Material Modifications

The Audit Committee/Board/ shareholders shall be provided with the material facts of such Related Party Transactions and such information as specified under the Companies Act or SEBI LODR Regulations or any notifications / circulars issued in this regard, as amended from time to time, and the Audit Committee/Board will determine whether to approve such Related Party Transactions or not. Further, the Audit Committee / Board, as the case may be, is entitled to seek the assistance of any employee of the Company or its Subsidiaries or one or more independent experts of its choice at the expense of the Company or its Subsidiaries. In assessing a Related Party Transaction, the Company and the Audit Committee shall consider such factors as it deems appropriate, including without limitation –

- a. the business reasons for the Company to enter into the Transaction with related party;
- b. the commercial reasonableness of the terms of the Transaction;
- c. the materiality of the Transaction to the Company or its Subsidiaries;
- d. whether the terms of the Transaction are fair to the Company / its Subsidiaries and on the same basis as would apply if the transaction did not involve a Related Party;
- e. the extent of the Related Party's interest in the Transaction;
- f. abuse of position on account of conflict of interest and non-arm's length dealings which are beneficial to the Related Party but detrimental to the other stakeholders.

RELATED PARTY TRANSACTIONS THAT DO NOT REQUIRE APPROVAL:

Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- 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:
 - payment of dividend by the Company;
 - subdivision or consolidation of securities by the Company;
 - issuance of securities by way of a rights issue or a bonus issue and
 - buy-back of securities.
- c. acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time: Explanation: For the purpose of this clause acceptance of deposits includes payment of interest thereon.
- d. 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:
- e. Such other RPTs as may be specified by Applicable Laws to be exempt

The following Related Party Transactions do not require approval of Audit Committee/Board/shareholders, as the case may be:

- a. Any transaction pertaining to appointment and remuneration of Directors, KMPs and senior management, who are not part of the promoter / promoter group, that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- b. Transactions that have been approved by the Board under the specific provisions of the Companies Act, 2013 e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- c. Payment of Dividend;
- d. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015;
- e. Contribution to Corporate Social Responsibility (CSR) obligations, subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

Any other exception that is consistent with the Applicable Laws, including any rules or regulations made thereunder.

MECHANISM FOR DETERMINING ORDINARY COURSE OF BUSINESS AND ARM'S LENGTH BASIS:

Ordinary course of business:

All transactions or activities that are necessary, normal and incidental to the business of the Company shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions.

To decide whether an activity which is carried on by the business is in the 'ordinary course of business', the following factors may inter alia be considered:

- a. Whether the activity is covered in the objects clause of the Memorandum of Association.
- b. Whether the activity is in furtherance of the business.
- c. Whether the activity is normal or otherwise routine for the particular business (i.e. activities like advertising, staff training, etc.).
- d. Whether the activity is repetitive/ frequent.
- e. Whether the income, if any, earned from such activity/transaction is treated as business income in the company's books of account.
- f. Whether the transactions are common in the particular industry.
- g. Whether there is any historical practice to conduct such activities.
- h. The financial scale of the activity with regard to the operations of the business.

- i. Revenue generated by the activity.
- j. Resources committed to the activity.

Arm's length:

The following guidelines may be used for determining the arm's length basis of the transaction:

- a. whether the terms of the transaction are fair and would apply on the same basis if the transaction did not involve a Related Party;
- b. whether there are any compelling business reasons to enter into the transaction and the nature of alternative transactions, if any;
- c. whether the transaction would affect the independence of an Independent Director;
- d. whether the transaction poses any consequential potential reputational risk issues;
- e. whether the transaction would present an improper conflict of interest for any Director or KMP, taking into account the size of the transaction, the overall financial position of the Director/KMP or other Related Party, the direct or indirect nature of the Directors', KMPs', or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship.

8. Omnibus approval

Criteria and the need for granting omnibus approval by the Audit Committee:

- a) The Audit Committee may, in the best interests of the Company and to ensure smooth operations, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company which are routine and repetitive in nature and incidental to the general operations of the Company, subject to such criteria/conditions as it may deem fit, further taking into account the justification for needing an omnibus approval. Such approval shall specify the details as required under the Companies Act, SEBI LODR Regulations or any notifications / circulars issued thereunder, as amended from time to time.
- b) The Audit Committee may specify any additional conditions for such determination, as it may deem fit.
- c) The Audit Committee may also grant omnibus approval, without the above details, for unforeseen transaction subject to a value not exceeding Rs.1 crore per transaction.
- d) Such omnibus approvals shall be valid for a maximum period of one year.
- e) The Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to such omnibus approvals, on a quarterly basis.
- f) The Audit Committee shall review the status of long-term (more than one year) and recurring Related Party Transactions on an annual basis.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

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 Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate.

In case of inadvertent omission to seek the approval of the Related Party Transactions (prior/omnibus) by the Audit Committee, then the Members of the Audit Committee, who are Independent Directors, can ratify Related Party Transactions within 3 months from entering into the transaction (or) in the immediate next meeting, whichever is earlier, subject to following conditions:

- 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;

- the transaction is not material in terms of the provisions of Listing Regulations;
- rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- 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 regulation 23 of Listing Regulations;
- 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.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without its approval, the Audit 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 Audit Committee has authority to modify or waive any procedural requirements of this Policy.

DISCLOSURES:

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The Company shall submit information related to RPTs to the stock exchanges every six months, in the format specified by the SEBI LODR, simultaneously with the publication of financials and also 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 provided that the same is not material in terms of the provisions of sub regulation (1) of SEBI LODR.
- The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- RPTs shall be disclosed in Annual Report, as per applicable provisions of Act and SEBI LODR.
- The Company shall make necessary disclosures as per the requirements under the Companies Act, SEBI LODR Regulations and Indian Accounting Standards, as the case may be within the prescribed timelines.

ADMINISTRATION AND REVIEW OF THE POLICY

The Chief Financial Officer shall be responsible for the administration, interpretation, application and review of this policy. This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly based on the recommendations of the Audit Committee.

AMENDMENT

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. 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 upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

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