



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

Policy Change log			
Version	Issued on	Effective from	Purpose of change
v1	September 18, 2025	September 18, 2025- except for the clauses which shall become applicable upon listing of the Company on a recognised stock exchange in India	New Policy release

PARIJAT INDUSTRIES (INDIA) LIMITED

(Formerly Known as Parijat Industries (India) Private Limited)

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1. Introduction

Provisions under the Companies Act, 2013 read with the Rules framed there under (hereinafter referred to as “**Companies Act/Act**”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as “**Listing Regulations**”) give significant emphasis to the Related Party Transaction (hereinafter referred to as “**RPT**”). In pursuance of this, the Board of Directors (hereinafter referred to as “**Board**”) of Parijat Industries (India) Limited (hereinafter referred to as “**Company**”) has adopted the Related Party Transaction Policy (hereinafter referred to as “**Policy**”) and procedures to ensure the proper the compliance with the Act and Listing Regulations.

The Policy will be effective from September 18, 2025. The Board of Directors of the Company, on the recommendation of Audit Committee of the Company shall review the policy periodically and may amend the policy from time to time

2. Objective

The objective of this Policy is to set out:

- a. the materiality thresholds for related party transactions;
- b. the manner of dealing with the transactions between the Company and its related parties based on the provisions of the Act, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company; and
- c. lay down the guiding principles and mechanism to ensure proper approval, disclosure, timely identification and reporting of transactions as applicable, between the Company and any of its related parties is in compliance with the applicable laws and regulations as may be amended from time to time;
- d. To ensure high standards of Corporate Governance while dealing with related parties.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. Scope and Applicability

This Policy applies to all related parties of the Company as defined in this policy as per Section 2(76) of Companies Act, 2013 and Regulation 2(zb) of SEBI Listing regulations.

4. Definitions

“**Arm’s Length Transaction**” shall mean a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Audit Committee**” means Audit Committee constituted by the Board, from time to time, under Section 177 of the Companies Act and the SEBI Listing Regulations.

“**Board of Directors**” or “**Board**” in relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act).

“**Key Managerial Personnel**” or “**KMP**” means:

1. The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
2. The Company Secretary;
3. The Whole- time director;
4. The Chief Financial Officer (CFO);
5. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
6. such other officer as may be prescribed.

“Material Related Party Transactions” shall mean transaction/transactions to be entered into individually or taken together with previous transactions during a Financial Year exceeding ₹ 1000 Crore or ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such other threshold as may be prescribed from time to time.

Notwithstanding the above, 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 (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other threshold as may be prescribed from time to time.

“Ordinary Course of Business” with reference to a transaction with a related party means a transaction which is: (i) carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time; (ii) historical practice with a pattern of frequency; (iii) common commercial practice; or (iv) meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.

“Related Party” means a related party as defined under the Companies Act, SEBI Listing Regulations.

“Relative” means a relative as defined under Section 2(77) of the Companies Act, read with the SEBI Listing Regulations.

“Related Party Transactions” or “RPTs” shall mean all transactions between the Company and one or more related party including contracts, arrangements and transactions as provided in Section 188(1) of the Companies Act and/or Regulation 2(zc) of Listing Regulations.

“Subsequent Material Modifications” in relation to a Material Related Party Transaction, shall mean any subsequent revision in already approved Material Related Party Transaction exceeding such threshold as may be determined by the Audit Committee, from time to time.

“Subsidiary” shall mean a subsidiary as defined under the Companies Act.

“Transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract and includes prospective transactions.

All the words and expressions used and not defined in this Policy, shall have meaning respectively assigned to them under the Listing Regulations or Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act or any other applicable laws for the time being in force and rules and regulations made thereunder as amended, from time to time.

5. Policy

All RPTs shall require prior approval of the Audit Committee. All Material RPTs and subsequent Material Modifications shall require prior approval of the Shareholders of the Company in accordance with this Policy. In dealing with RPTs, the Company will follow the below mentioned approach:

A. Identification of Related party/ies:

The Company Secretary shall maintain a list of Related Parties as defined in Section 2(76) of the Act, read with the Companies (Specification of Definitions Details) Rules, 2014 and as per Regulation 2(zb) of Listing Regulations:

- I. Each Director and Key Managerial Personnel shall disclose in Form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all the persons, entities in which he or she is interested, whether directly or indirectly.
- II. Each Director and Key Managerial Personnel shall provide a declaration, at the time of his/her appointment, at the beginning of every financial year and whenever there is any change in the disclosure so made, providing details of:
 1. Relatives;
 2. firms in which such Director or his relative is a partner;
 3. private companies in which a Director or his relative is a member or Director;
 4. A public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
 5. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 6. any person on whose advice, directions or instructions a director or manager is accustomed to act;
 7. Other disclosures as provided in the list provided herein below:

Person who falls under the definition of Related Party as per the provisions of Companies Act and Listing Regulations are as follows:	
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1. Director	Section 2(76) of Companies Act, 2013
2. Director's Relative	
3. KMP	
4. KMP's Relative	
5. Firm in which Director is a Partner	
6. Firm in which Relative of Director is a Partner	
7. Private Company in which Director is a Director	
8. Private Company in which Director's Relative is a Director	
9. Private Company in which Director is a shareholder	
10. Private Company in which Director's Relative is a shareholder	
11. Public Company in which Director is Director and he/she along with his/her relative holds more than 2% of its paid up capital	

12. Any body Corporate whose Board of Directors or Managing director is accustomed to act in accordance with the advice, directions or instructions of a director	Regulation 2(zb) of Listing Regulations
13. any person on whose advice, directions or instructions a director is accustomed to act	
14. Promoter	
15. Promoter group	
16. Any person who holds 10% or more equity shares of the Company in the Company 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	

Persons forming part of relative as per Section 2(77) of the Companies Act, are as follows:

1. Members of a Hindu Undivided Family
2. Husband and wife
3. Father (including Step-Father)
4. Mother (including Step-Mother)
5. Son (Including Step-Son)
6. Son's Wife
7. Daughter
8. Daughter's Husband
9. Brother (including Step Brother)
10. Sister (Including Step Sister)

The Compliance Officer shall:

- i. Basis the declaration of Directors and KMPs, identify and keep on record in the form of an updated database the information pertaining to Related Parties.
- ii. At the beginning of the Financial Year and on any subsequent changes, identify and maintain information in the database about the related parties
- iii. Update the database of Related Parties whenever necessary.

B. Identification of RPTs:

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.Each Director and Key Managerial Personnel is required to give notice of disclosure of interest under section 184 and 189 of the Act along with list of relatives to the company. The Company shall ensure that no transaction is entered into with any entity/ individual disclosed by the Director/ KMP without requisite approvals.

The Board/ Audit Committee will determine whether the transaction requires compliance with this policy or not.

The Compliance Officer would collate list of related party transactions which are likely to be executed with each related party and estimated value of such transactions before the

beginning of each Financial Year to obtain necessary approvals in accordance with this Policy.

C. Obligation related to Subsidiary Company/ies

The Subsidiary/ies of the Company, before entering into a RPT which may require approval of the Audit Committee & shareholders of the Company under this Policy, more specifically provided in Regulation 23 (2) & (4) of Listing Regulations, shall bring to the attention of the Company the details of the proposed Related Party Transaction(s), so that the requisite approvals can be obtained in due course.

D. Dealing with RPTs

The Board and Audit committee shall fulfil the function of monitoring and managing potential conflicts of interest of management, Board and shareholders, including misuse of corporate resources and abuse in Related Party Transactions.

The Company shall comply with applicable provisions of the SEBI Listing Regulations, Companies Act, the listing agreement and other applicable law in force from time to time in dealing with the Related Party Transactions.

E. Procedure for Approval of RPTs:

I. Audit Committee approval

i. All RPT as mentioned below, shall require prior approval of the Audit Committee:

- RPTs of Company:

All RPTs and subsequent material modifications.

- RPTs of Subsidiary Companies

RPT to which the subsidiary is a party but not the Company:

a. 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 consolidated turnover, as per the last audited financial statements of the Company; or

b. 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.

Provided that in case of a listed subsidiary of the Company prior approval of the audit committee as abovesaid shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing regulations are applicable to such listed subsidiary.

ii. The approval of the Audit Committee can be granted by way of a circular resolution or at a meeting.

iii. The Audit Committee shall have the discretion to recommend/refer any matter relating to any RPT to the Board for its approval.

iv. Only those members of the Audit Committee, who are independent Directors, shall approve RPTs.

The CFO of the Company shall provide to the Committee all relevant material information of all Related Party Transaction(s), including the terms of the transaction(s), the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters inter alia including the following:

- (i) the name of the related party and nature of relationship;
- (ii) the nature, duration of the contract and particulars of the contract or arrangement;
- (iii) the material terms of the contract or arrangement including the value, if any;
- (iv) any advance paid or received for the contract or arrangement, if any;
- (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract; and
- (vi) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction or Material Modification, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction or Material Modification thereof:

- (i) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (ii) Whether the Related Party Transaction would affect the independence of the Director/KMP;
- (iii) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; and
- (iv) Whether the Related Party Transaction is in the nature of conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Directors, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- (v) Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

(vi) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company.

Subject to the provisions of the applicable laws, the Audit Committee will have the discretion to approve/modify/recommend/refer the proposed Related Party Transaction for the approval of Board or shareholders.

Further, in the event a Related Party Transaction is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and obtain approval of the Board and/or its shareholders, as applicable.

II. Omnibus approval

Omnibus Approval shall be granted by the Audit Committee if following conditions are satisfied:

- Such RPTs are repetitive in nature (on cumulative basis);
- Such an approval is in the interest of the Company;
- Specify:
 - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed;
 - b. the indicative base price/current contracted price and the formula for variation in the price if any (for eg: +/- 5%);
 - c. such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;

- The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given;
- Such omnibus approvals shall be valid for a period not exceeding 1 (one) Financial Year and shall require fresh approvals after the expiry of such Financial Year.

III. Board approval

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, shall require the approval of Board of directors.

In addition to the above, the Material Related Party Transaction, which are intended to be placed before the shareholders for their approval.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

IV. Shareholders' approval:

- i. All the material related party transactions, as defined in this policy and as prescribed under Regulation 23 of Listing Regulations shall be approved by the Shareholders through an ordinary resolution and
- ii. Subsequent material modifications as defined herein, shall require prior approval of the shareholders through resolution.
- iii. In addition to the above, all kinds of transactions specified under Section 188 of the Companies Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, as may be amended from time to time, shall be placed before the shareholders for their approval.
- iv. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

As on the date of this policy, the thresholds provided under abovementioned Rules are as follows:

S. No.	Nature of Transaction	Limits prescribed under Companies Act
(i)	sale, purchase or supply of any goods or material, directly or through appointment of agent	amounting to 10 (ten) percent or more of the turnover of the Company
(ii)	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	amounting to 10 (ten) percent or more of net worth of the Company
(iii)	leasing of property any kind	amounting to 10 (ten) percent or more of the turnover of the company
(iv)	availing or rendering of any services, directly or through appointment of agent	amounting to 10 (ten) percent or more of the turnover of the Company
<i>It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year</i>		
(v)	appointment to any office or place of profit in the company, its subsidiary company or associate company	at a monthly remuneration exceeding two and a half lakh rupees
(vi)	Underwriting the subscription of any securities or derivatives thereof, of the Company	one percent of the net worth of the Company
<i>Explanation- The turnover or net worth referred hereinabove shall be computed on the basis of the audited financial statement of the preceding financial year.</i>		

E. Transactions not requiring approval:

The following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- a. Related Party Transactions to which the listed subsidiary of the Company, if any, is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of Listing Regulations are applicable to such listed subsidiary.
- b. Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with Company and placed before the shareholders at the general meeting for approval.
- c. The transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval

(c) Such other transactions as prescribed under applicable law, as amended from time to time.

Further, pursuant to Regulation 23(2)(e) of the SEBI Listing Regulations, 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 a Material Related Party Transaction.

F. Ratification by the Audit Committee of the Company

Pursuant to regulation 23 of the Listing Regulations, 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;

Pursuant to third proviso of Section 177(4) of the Act, in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

- (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.

G. Disclosures

- i. The details of RPTs, which are not in the Ordinary Course of Business and/ or not at Arm's Length, shall be disclosed in the Boards' Report along with a justification for entering into such transactions.
- ii. Details of all material related party transactions shall be disclosed quarterly alongwith the compliance report on Corporate Governance.
- iii. The Company shall also submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board, from time to time. Such Disclosure shall be submitted by the Company every six months on the date of publication of its standalone and consolidated financial results.
- iv. Other disclosures as per Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction" as per the applicability pursuant to Section III-B of SEBI Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 ("Master Circular") and SEBI Circular- SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025 upon listing of the Company.

6. Compliance

- i. Every person associated with RPTs shall be accountable for compliance with this Policy. In case of breach of Policy, Audit Committee may initiate appropriate action against the person/s responsible.
- ii. Further, the Board and the concerned related party shall ensure compliance with Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction" as per the applicability pursuant to Section III-B of SEBI Master Circular SEBI/HO/CFD/PoD2/CIR/P/0155 dated November 11, 2024 ("Master Circular") and SEBI Circular- SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025 upon listing of the Company.

7. Communication of the Policy

The Policy will be hosted on the Company website and in the Annual Report of the Company.

8. Review

This policy shall be subject to review by the Board as may be deemed necessary or at least once every three years and updated accordingly or to meet any regulatory requirements.

9. Amendment

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 in this Policy and this Policy shall stand amended accordingly.