

**Policy and Procedures with**

**respect to**

**Related Party Transactions**

**FOR**

**Aries Agro Limited**

## **I. PURPOSE**

- (1) The Purpose of this Policy and Procedure document is to ensure protection of corporate interest, adequate disclosure and proper procedure to be followed for the material transactions or arrangement or contract to be entered into or performed by and between the Company or its Subsidiaries or Associates and Related Parties (as defined below) in accordance with the principle enshrined in the Companies Act, 2013 and Listing Agreement.
- (2) Aries Agro Limited (hereinafter referred to as “ARIES” or “Company”) recognizes that there are situations in which Related Party Transactions might be in, or at least not inconsistent with, the best interests of ARIES and its shareholders. Such situations could include, without limitation, situations in which ARIES could obtain products or services of a nature, quality or quantity, or on other terms, that are not readily available from alternative sources or in which ARIES could provide products or services to Related Parties (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third persons.

## **II. APPLICABILITY**

It applies to all kinds of contracts, arrangements or transactions by the Company and its Subsidiaries with Parties in which Director or Senior Management Personnel are interested directly or indirectly through Relatives, Bodies Corporate or Trusts.

## **III. DEFINITION**

- (1) Material Transaction shall mean transaction/s with a Related Party which individually or taken together with previous transactions during a financial year, exceed the limits of materiality under Regulation 23 of the Listing Regulations as may be amended from time to time or any statutory modifications or re-enactments thereof for time being in force.

(Note – To the extent limits of materiality under Companies Act, 2013 are inconsistent with the Listing Regulations, stricter interpretation shall be applied for all those transactions, which are not at arm’s length or in ordinary course of business).

- (2) “Related Party Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its Subsidiaries) was, is or will be a participant and in which any Related Party (as defined below) had, has or will have a direct or indirect interest.
- (3) A Related Party Transaction is a transfer of resources, services or obligations between a Company and a Related Party, regardless of whether a price is charged or any consideration received.

(4) A 'Related Party' is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a Company if that person:

- a. is a Related Party under Section 2(76) of the Companies Act, 2013; or
- b. has control or joint control or significant influence over the Company; or
- c. is a Key Management Person of the Company or of the Parent or Subsidiary Company; or

2. An entity is related to a Company if any of the following conditions applies:

- a. The entity is a Related Party under Section 2(76) of the Companies Act, 2013; or
- b. The entity and the Company are members of the same group (which means that each Parent, Subsidiary and Fellow Subsidiary is related to the others); or
- c. One entity is an Associate, Subsidiary or Joint Venture of the other entity (or an Associate, Subsidiary or Joint Venture of a member of a group of which the other entity is a member); or
- d. Both entities are Joint Ventures of the same third party; or
- e. One entity is a Joint Venture of a third entity and the other entity is an Associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; or
- g. The entity is controlled or jointly controlled by a person identified in (1).
- h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

**Explanation:** For the purpose above, the term "control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(5) 'Material Modification' to Related Party Transaction/s shall mean a modification of the value of the transaction/s already approved by the Audit Committee or Board of Directors or the Shareholders of the Company, as the case may be, which exceeds higher of the following limits:

- i. 10% to the total value of the transaction/s so approved by the Audit Committee or Board of Directors or the Shareholders of the Company, as the case may be; or
- ii. INR 1 Crore.

The terms Director, Independent Director, Whole-time Director, Managing Director, Chief Financial Officer, Company Secretary, Key Managerial Personnel (KMP) will have the same meaning as assigned to it in the Companies Act, 2013.

#### **IV. PROCEDURES**

- A. All Related Party Transactions shall require prior approval of the Audit Committee.
- B. All material Related Party Transactions shall require approval of the shareholders through Ordinary Resolution and the Related Parties shall abstain from voting on such resolutions.
- C. The Audit Committee of the Board of Directors of the Company (the "Committee") will review the relevant facts and circumstances of each Related Party Transaction, including whether the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the Related Party's interest in the transaction, take into account the conflicts of interest and corporate opportunity provisions of the Company's Code of Business Conduct and Ethics (the "Code"), and either approve or disapprove the Related Party Transaction/s.
- D. Only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions. Any Member of the Committee who has a potential interest in any RPT will abstain from discussion and voting on the approval of the RPT.
- E. The Audit Committee will be provided with all the information of the RPTs as required under the Companies Act, 2013 and the Rules made thereunder and the Listing Regulations, as amended from time to time, respectively.
- F. Any Related Party Transaction will be entered into and will continue only if the Committee has approved or ratified such transaction in accordance with the guidelines set forth in this Policy. If advance Committee approval of a Related Party Transaction requiring the Committee's approval is not practicable, then the transaction may be preliminarily entered into by the management, subject to ratification of the transaction by the Committee at the Committee's next regularly scheduled meeting; provided that if ratification will not be forthcoming, the management will make all reasonable efforts to cancel or annul such transaction.
- G. The Management will present to the Committee each proposed Related Party Transaction, including all relevant facts and circumstances and will update the Committee as to any material changes to any approved or ratified Related Party Transaction and will provide a status report at least annually at a regularly scheduled meeting of the Committee of all the Related Party Transactions during the period.
- H. The Committee can assess the materiality of a Related Party's interest in the transaction, rather than management or employees in their determination of whether a transaction falls under the policy.
- I. The Audit Committee shall consider all of the relevant facts and circumstances available to it, including the benefits to ARIES and whether the Related Party

Transaction is on terms and conditions comparable to those available in arms-length dealing with an unrelated third party that can provide comparable products or services. No member of the Audit Committee may participate in any review, consideration or approval of any Related Party Transaction with respect to which such member or any of his or her immediate family members, or an entity in which he or she is a partner, shareholder or executive officer, is the Related Person.

- J. The Audit Committee shall approve only those Related Party Transactions that are in, or are not inconsistent with, the best interests of ARIES and its Stake Holders, as the Audit Committee determines in good faith. The Audit Committee shall convey its decision to the Compliance Officer, who shall then convey the decision to the appropriate persons within ARIES.
- K. The Board of Directors, upon the approval of the Audit Committee will take note of the Related Party Transactions and all the Directors present at such meeting shall sign the Register of Contracts in pursuance of requirement under Section 189 of the Companies Act, 2013.
- L. Related Party Transactions of the Subsidiaries of the Company shall be governed as per Regulation 23 of the SEBI Listing Regulations.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its Subsidiaries or Associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

#### **V. Material Modifications to Related Party Transactions**

In case of transaction/s with Related Parties that are approved by the Audit Committee or Board of Directors or the Shareholders of the Company, a prior approval of the Committee or the Board or the Shareholders, as the case may be, shall also be required for any subsequent Material Modification/s proposed to be made to such transaction/s. The Company while seeking approval/s for such subsequent Material Modification/s shall provide the Committee/Board/Shareholders with all the information of the RPTs as required under the Companies Act, 2013 and the Rules made thereunder and the Listing Regulations, as amended from time to time, respectively.

#### **VI. OMNIBUS APPROVAL**

- 1. The Audit Committee may grant omnibus approval for RPT considering the repetitive nature of the transactions.

2. The Audit Committee, shall, after being authorized by the Board of Directors, specify the criteria for granting Omnibus Approvals to the RPT proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such Omnibus Approvals shall be valid for one financial year.
3. The Audit Committee shall, while granting such Omnibus Approvals, satisfy itself about the adherence to the criteria so specified by it.
4. The Audit Committee shall satisfy itself about the need for such Omnibus Approval and that such approval is in the interest of the Company.
5. While seeking the approval of the Audit Committee, the following information shall be made available by the Company for review of the Committee of a proposed transaction:
6. The Omnibus Approval granted by the Audit Committee shall include the following particulars:
  - i. Name of the Related Parties;
  - ii. Nature and duration of the transaction;
  - iii. Maximum amount of transaction that can be entered into;
  - iv. The indicative base price or current contracted price and the formula for variation in the price, if any; and
  - v. Such other conditions as the Audit Committee may deem fit.
6. In case of any RPT that cannot be foreseen or transactions in respect of which complete details are not available, the Audit Committee may grant an Omnibus Approval for such transactions provided that the value does not exceed Rs.1 Crore per transaction in a financial year.
7. The Audit Committee shall not grant Omnibus Approval for transactions in respect of selling or disposing of the undertaking of the Company.

## **VII. DISCLOSURE**

1. Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any 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. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
2. The Company strongly prefers to receive such notice of any Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

3. All Related Party Transactions are to be disclosed in the Board's Report or in the Financial Statement as may be required by the Companies Act of 2013 and the SEBI Regulations and related rules. Furthermore, any material Related Party Transaction will be disclosed to the entire Board of Directors.

## **VIII. INTERPRETATION**

This Policy is intended to comply with the Companies Act, 2013 and the SEBI Regulations. Notwithstanding anything herein to the contrary, this Policy will be interpreted only in such a manner as to comply with Companies Act, 2013 and the SEBI Regulations. In the event that a Related Party Transaction would constitute a conflict of interest or a corporate opportunity under the Policy, the provisions of the Companies Act, 2013 and the SEBI Regulations will apply to such Related Party Transaction. Any such Related Party Transaction may not be approved hereunder unless it is also approved in accordance with the provisions of the Policy and disclosed to the public to the extent required by law.

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**Note:** Amended by the Board in its Meeting held on 09.02.2022