



## **CRYSTAL CROP PROTECTION LIMITED**

(CIN: U01403GJ1994PLC097033)

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

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#### **1. PREFACE**

This policy shall be called the 'Policy on materiality of Related Party Transaction and dealing with Related Party Transactions'.

This policy aims to determine the materiality of Related Party Transactions and to deal with RPTs of Crystal Crop Protection Limited.

This policy is framed in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations') and Section 177 and 188 of the Companies Act, 2013 (the 'Act') read with Rules made there under.

The Policy shall come in to force with effect from the date of listing of the equity shares of the Company on BSE Limited and National Stock Exchange of India Limited.

#### **2. DEFINITIONS**

“**Arm's length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Audit Committee**” means the audit committee of the Board of directors of the Company.

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

“**Company**” means Crystal Crop Protection Limited.

“**Material related party transaction**” in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.





**“Ordinary Course of Business”** with reference to a transaction with a related party means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (“MOA”) of the Company as amended from time to time;
- historical practice with a pattern of frequency;
- common commercial practice; or
- meets any other parameters/criteria as decided by the Board/Audit Committee from time to time.

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

**“Related Party”** in relation to the Company means a party related with the Company in any of the ways as laid down in section 2(76) of the Act.

**“Related party transaction”** in relation to the Company means a transaction which is:

- (a) a transfer of resources, services or obligations between the Company and a related party 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 transaction in a contract;
- (b) a contract or arrangement with a related party with respect to:
  - (i) sale, purchase or supply of any goods or materials;
  - (ii) selling or otherwise disposing of, or buying, property of any kind;
  - (iii) leasing of property of any kind;
  - (iv) availing or rendering of any services;
  - (v) appointment of any agent for purchase or sale of goods, materials, services or property;
  - (vi) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
  - (vii) underwriting the subscription of any securities or derivatives thereof, of the Company; or
- (c) defined as a “related party transaction” under the relevant provisions of the Act or the Listing Regulations or any other related law, regulation, standard, etc.

### 3. APPROVAL AND REVIEW OF RELATED PARTY TRANSACTIONS

- A. All Related Party Transactions including any modification/ renewal thereof shall require prior approval of the Audit Committee.
- B. The Audit Committee shall grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the provisions of Regulation 23 of the Listing Regulations and the following conditions:
  - (i) The proposed Related Party Transactions are repetitive in nature and the Audit Committee is satisfied that such omnibus approval is in the interest of the Company;





- (ii) The Audit Committee shall lay down the criteria for granting omnibus approval for Related Party Transactions which shall, *inter alia*, include the following:
  - a. Maximum value of the transactions which can be allowed under the omnibus route and maximum value per transaction, in a financial year;
  - b. Disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - c. Periodicity of review of Related Party Transactions entered into by the Company pursuant to the omnibus approval;
  - d. Transactions which shall not be allowed under the omnibus approval route;
  - e. Period of validity of omnibus approval which shall not exceed one financial year.
- (iii) Every Material related party transaction shall require approval of the shareholders by way of ordinary resolution. All Related Parties shall abstain from voting on such resolution, irrespective of whether they are party to the particular transaction or not.

C. All Related Party Transactions prescribed under Section 188 of the Act which are either not in the ordinary course of business or are not at arm's length basis, whether or not it is a material related party transaction, shall require prior approval of:

- a. Board; and
- b. Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended. The concerned Related Party shall abstain from voting on the resolution.

D. All Related Party Transactions including Related Party Transactions approved through omnibus approval, shall be reviewed post facto by the Audit Committee on a quarterly basis. The Audit Committee shall be informed whether the Related Party Transactions have been entered into in the ordinary course of business and on arm's length basis.

#### **4. TRANSACTIONS WITH WHOLLY-OWNED SUBSIDIARY(IES)**

Provisions of Clause 3 (C and D) of this Policy shall not be applicable to any transaction with a wholly owned subsidiary whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval.

#### **5. EXEMPTIONS**

This policy shall be applicable to all the related party transactions entered in to by the Company except the following:

- a. Loans/advances given to a related party;
- b. Guarantee given or security provided in connection with a loan to a related party;
- c. investment(s) made in a related party;
- d. Transfer/assignment of obligation under an existing contract/arrangement with a related party to some other person or related party;





- e. Transfer of resources assigned to one related party contract/arrangement to another related party contract/arrangement,

Provided that in case of (d) & (e) above, the transfer, etc., does not result in to writing off of any amount paid by the Company or enhancement of amount payable by the Company under the said contract/arrangement or reduction in the amount payable to the Company under the said contract/arrangement or waiver of any right with adverse financial implications for the Company.

## **6. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS**

- (a) A list of all the Related Parties in relation to the Company received from the Directors shall be updated from time to time.
- (b) Basis the above mentioned list of Related Parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.
- (c) The contract/arrangement shall not be entered in to without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

## **7. DISCLOSURE**

- a) Particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.
- b) This Policy shall be disclosed on the Company's website [www.crystalcropprotection.com](http://www.crystalcropprotection.com) and a web link thereto shall be provided in the Annual Report of the Company.

## **8. REVIEW/AMENDMENTS**

The Committee will review this Policy periodically and recommend appropriate revision to the Board. The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

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*This Policy was approved by the Board at its meeting held on February 16, 2018 on recommendation of the Audit Committee.*

