RELATED PARTY TRANSACTIONS POLICY

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CONTENTS

1. SCOPE AND PURPOSE OF POLICY.................................................................3
2. ABOUT THE COMPANY...............................................................................3
3. OBJECTIVE OF THE POLICY......................................................................3
4. APPLICABILITY.............................................................................................3
5. KEY DEFINITIONS........................................................................................4
6. MATERIALITY THRESHOLDS.......................................................................5
7. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS.........5
   7.1 Identification of Potential Related Party Transactions.......................5
   7.2 Approval of Potential Related Party Transactions.............................6
      7.2.1 Prior approval of Audit Committee..................................................6
      7.2.2 Prior approval of Board of Directors...............................................7
      7.2.3 Prior approval of Shareholders.........................................................8
      7.2.4 Related Party Transactions not approved under this Policy..........9
8. DISCLOSURES...............................................................................................9
1. SCOPE AND PURPOSE OF THE POLICY

Related Party Transactions can present a potential or actual conflict of interest, which may be against the best interest of the Company and its Shareholders. Considering the requirements for approval of Related Party Transactions as prescribed under the Companies Act, 2013 (hereinafter referred to as “the Act”) read with the Rules framed there under and Clause 49 of the Listing Agreement, as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014 (hereinafter referred to as “RC 49”), Rallis India Limited (hereinafter referred to as “Rallis”) has formulated guidelines for identification of Related Parties and the proper conduct and documentation of all Related Party Transactions.

Further, Clause 49(VII)(C) of the Listing Agreement requires a Company to formulate a policy on materiality of related party transactions and dealing with Related Party Transactions.

In view of the above, Rallis has framed this Policy on Related Party Transactions (hereinafter referred to as “Policy”). This Policy has been adopted by the Board of Directors of the Company based on the recommendations of the Audit Committee. Going forward, the Audit Committee may review and amend the Policy, as and when required, subject to the approval of the Board.

2. ABOUT THE COMPANY

Rallis is a Company incorporated under the Indian Companies Act, 1913. It has its Registered Office at Mumbai and is engaged in the business of providing crop care solutions and agri services to the farming community. It is a subsidiary of Tata Chemicals Limited and is listed on BSE Ltd. and The National Stock Exchange of India Ltd.

3. OBJECTIVE OF THE POLICY

The objective of this policy is to set out (a) the materiality thresholds for Related Party Transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, RC 49 and any other laws and regulations as may be applicable to the Company.

4. APPLICABILITY

The Policy will be applicable to the Company with respect to all prospective Related Party Transactions.
Contracts, if any, entered into by the Company, after making necessary compliances under Section 297 of the Companies Act, 1956, which came into effect before the commencement of Section 188 of the Act, will not require fresh approval under Section 188 of the Act till the expiry of the original term of such contracts. However, if any modification in such contract is made on or after April 1, 2014, approval would need to be obtained as provided in this Policy.

All existing material related party contracts or arrangements, if any, as on the date of the SEBI Circular (CIR/CFD/POLICY CELL/2/2014) dated April 17, 2014 which are likely to continue beyond March 31, 2015 shall be placed for approval of the shareholders in the first General Meeting subsequent to October 01, 2014.

5. **KEY DEFINITIONS**

“Arms 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” shall mean the Audit Committee constituted by the Board of the Company from time to time, in line with the provisions of the Act and RC49.

“Board of Directors” or “Board” shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and RC49.

“Key Managerial Personnel” in relation to the Company means:
   i. The Chief Executive Officer or the Managing Director or the Manager;
   ii. The Company Secretary;
   iii. The Whole-time Director;
   iv. The Chief Financial Officer; and
   v. Such other officer as may be prescribed.

“Related Party” under the Act, with reference to the Company, shall have the meaning as defined in Section 2(76) of the Companies Act, 2013;

“Related Party” under RC 49, with reference to the Company, shall have the meaning as defined in Section 2(76) of the Companies Act, 2013; or an entity that is a Related Party under the applicable accounting standards.
“Related Party Transaction”, for the purpose of the Act, means specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188 of the Act; for the purpose of RC49, it means any transaction involving any Related Party, which is a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

“Relative” with reference to any person shall have the meaning as defined in Section 2(77) of the Companies Act, 2013 read with the Rules made there under from time to time.

6. MATERIALITY THRESHOLDS

RC 49 requires a Company to provide materiality thresholds for transactions beyond which the Shareholders’ approval will be required by way of a special resolution. Rallis has fixed its materiality threshold at ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, for the purpose of Clause 49(VII) (C) of the Listing Agreement. The materiality thresholds under the Act for Shareholder’s approval have been specified under Section 188 of the Act read with the Rules.

7. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy.

7.1. Identification of Potential Related Party Transactions

The Company identifies Related Party Transactions in accordance with Section 188 of the Act and RC 49. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm’s length basis and for this purpose, the Company may seek external professional opinion, if necessary.

Procedure for identification of potential Related Party Transactions

The Company Secretary shall at all times maintain a database of the Company’s Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in the Key Definition Section above, along with their personal/ Company details, including any revisions therein.

The Related Party List shall be updated whenever necessary and shall be reviewed quarterly, at the end of each quarter.
The Company Secretary shall be responsible for collation of information, coordination and sending the Related Party List to the concerned persons.

7.2 Approval of Related Party Transactions

7.2.1 Prior approval of Audit Committee

All Related Party Transactions shall require prior approval of the Audit Committee, whether at a meeting or by Resolution by circulation, subject to the provision of Omnibus Approval as given hereafter.

Procedure for approval

The Audit Committee will be provided with all relevant material information of Related Party Transactions, including the terms of the transaction, the business purpose of the transaction, and any other relevant matters.

The Audit Committee may accordingly approve or modify such transactions, in accordance with this Policy and/or recommend the same to the Board for approval.

Omnibus Approval

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

b) The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;

c) Such omnibus approval shall specify -
   ▪ the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
   ▪ the indicative base price/ current contracted price and the formula for variation in the price if any; and
   ▪ such other conditions as the Audit Committee may deem fit;

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

d) The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

While RC 49 provides that the requirement for seeking Audit Committee approval shall not be applicable to transactions between Rallis and its wholly owned subsidiary/ies whose accounts are consolidated with Rallis, no such exemption is currently provided under the Act. Hence, Rallis will be able to avail the benefit of the above relaxation once suitable circular/notification is issued by the Ministry of Corporate Affairs.

7.2.2 Prior approval of Board of Directors

Transactions with Related Parties which are either not in the Ordinary Course of Business or are not at Arms’ Length shall require pre-approval by the Board. Such approval shall be given only by means of a Resolution passed at a Meeting of the Board. Rallis may, if it considers necessary, and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether a Related Party Transaction is in the Ordinary Course of Business and/or at Arms’ Length.

In addition to the above, the following kinds of transactions with Related Parties will also be placed before the Board for its approval:

- Transactions which may be in the Ordinary Course of Business and at Arm’s Length Basis, but which are as per the policy determined by the Board from time to time, will require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the Ordinary Course of Business and/or at Arm’s Length Basis and decides to refer the same to the Board for approval;
- Transactions which are in the Ordinary Course of Business and at Arm’s Length Basis, but which in the Audit Committee’s view requires Board approval.
- Transactions meeting the materiality thresholds laid down Clause 6 of the Policy, which are intended to be placed before the Shareholders for approval.

The Agenda of the Board Meeting at which the Resolution is proposed to be moved for approval of the Related Party Transaction shall disclose the following details:

(i) the name of the Related Party and the nature of relationship;
(ii) the nature, duration 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 contract;
(vi) whether all factors relevant to the contract have been considered; if not,
the details of factors not considered, with the rationale for not
considering those factors; and
(vii) any other information relevant or important for the Board to take a
decision on the proposed transaction.

While assessing a proposal put up before the Audit Committee/ Board for
approval, the Audit Committee/ Board may review the following
documents/ seek the following information from the Management in order
to determine if the transaction is in the Ordinary Course of Business and
at Arm’s Length or not:

- Nature of the transaction i.e. details of goods or property to be
  acquired/ transferred or services to be rendered/ availed, including
description of functions to be performed, risks to be assumed and
assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation
  contemplated under the arrangement) of the proposed transaction,
including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed
  agreement/ contract to be entered into for such transaction;
- Special terms covered/ to be covered in separate letters or
  undertakings or any other special or sub arrangement forming part of a
  composite transaction;
- Benchmarking information that may have a bearing on the Arm’s
  Length Basis analysis, such as:
  - market analysis, research report, industry trends, business
    strategies, financial forecasts, etc.;
  - third party comparables, valuation reports, price publications
    including stock exchange and commodity market quotations;
  - management assessment of pricing terms and business
    justification for the proposed transaction;
  - comparative analysis, if any, of other such transaction entered into
    by the Company.

7.2.3 Prior approval of Shareholders

Shareholders’ approval shall be sought for transactions with Related
Parties in the following cases:

- All transactions with Related Parties covered under RC 49 and
  meeting the materiality thresholds as laid down in Clause 6 of the
  Policy, shall require approval of the Shareholders through a special
  resolution and all entities falling under the definition of Related Parties
shall abstain from voting on such resolution, irrespective of whether the entity is a party to the particular transaction or not.

RC 49 provides that the requirement for seeking Shareholders’ approval shall not be applicable to transactions between Rallis and its wholly owned subsidiary/ies whose accounts are consolidated with Rallis. Hence, Rallis will be able to avail the benefit of the above relaxation once suitable circular/ notification is issued by the Ministry of Corporate Affairs.

- Transactions with Related Parties covered under Section 188 of the Act, which are either not in the Ordinary Course of Business or are not on an Arm’s Length Basis and exceed the thresholds provided under the Act and the Rules made there under, shall also require the prior approval of the Shareholders by a Special Resolution.

### 7.2.4 Related party transactions not approved under this Policy

In the event the Company becomes aware of a 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the Shareholders, payment of compensation for the loss, if any, suffered by any party to the transaction, etc. In connection with any review/ approval of a Related Party Transaction, the Audit Committee has the authority to modify or waive any procedural requirements of this Policy.

### 8. DISCLOSURES

Rallis shall disclose, in the Board’s Report forming part of the Annual Report, transactions prescribed under Section 188(1) of the Act with Related Parties, which are not in Ordinary Course of Business or Arm’s Length Basis, along with the justification for entering into such transaction.
In addition to the above, Rallis shall also provide details of all Related Party Transactions meeting the materiality threshold (laid down in Clause 6 of the Policy above) on a quarterly basis to the Stock Exchanges where it is listed.

This Policy shall be uploaded on the website of Rallis at www.rallis.co.in and a web link thereto shall be provided in the Annual Report of the Rallis.