



<b>RELATED PARTY TRANSACTION POLICY</b>
<b>Effective Date: October 1, 2014</b>
<b>Version: 8</b>
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<b>Last Review Date: May 06, 2023</b>

## 1. Preamble

The Board of Directors (the "Board") of ADF Foods Limited (the "Company" or "ADF"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this Policy from time to time.

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

## 2. Purpose

This Policy is framed as per requirement of \*Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

## 3. Definitions

**\*"Arms Length Transaction"** means transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest.\*

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of \*SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013\*.



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

\*\*“**Compensation**” shall have the same meaning as defined under Indian Accounting Standards (Ind AS) as under and amended from time to time:

Compensation includes all employee benefits (as defined in Ind AS 19 Employee Benefits) including employee benefits to which Ind AS 102 Share-based Payments applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:

- a. short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;
- b. post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
- c. other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;
- d. termination benefits; and
- e. Share-based payment.

\*\*“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended from time to time) and as defined under Ind AS – 24 (as amended from time to time):

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the contractually agreed sharing of control over an economic activity.



**\*\*“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (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;
- (v) 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
- (vi) such other officer as may be prescribed;

and

as defined under Ind AS 24 as under:

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

**\*\$“Material Related Party Transaction”** - a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.”

#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 of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Ordinary Course of business”** will cover the usual transactions, customs and thereunder.\*



“**Policy**” means Related Party Transaction Policy.

\*\*“**Related Party**” means related party as defined under Sub Section 76 of Section 2 of the Companies Act, 2013 or under applicable accounting standards or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended thereunder from time to time:

#“**Threshold Limits**” are financial limits for Transaction(s) with Related Party(s) in the ordinary of business and on an arms-length basis and which are set out as under:

Category of Transaction	Threshold limit per category of transaction per Related Party per annum INR
Sale, purchase or supply of any goods or materials and/ or availing / rendering of consultancy and other business related services and/ or leasing of property.	\$100 Crores
Appointment of a person in place of profit	30 lakhs

§“**Material Modifications**” - The criteria and the threshold limit for Material Modifications in the Related Party Transactions for which Audit Committee’s prior approval shall be required:

- Increase in the value of Transactions beyond 20% in a Financial Year;
- Change in the tenure of the contract beyond 20% in a Financial Year;
- Any modification in other terms wherein the financial implication beyond 20% in a Financial Year.”

**A. Related Party as defined under Section 2(76) of the Companies Act, 2013:**

“Related Party”, with reference to a company means:

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;



- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) 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;
- (vi) 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;
- (vii) any person under whose advice, directions or instructions a director or manager is accustomed to act:  
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is-

- (A) a holding, subsidiary or an associate company of such company;
- (B) a subsidiary of a holding company to which it is also a subsidiary; or
- (C) an investing company or the venturer of the company;"

Explanation: For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

(ix) Director other than independent director or key managerial personnel of the holding company or his relative with reference to a company.

#### **B. Related Party as defined under Ind AS 24:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

- a. A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or



(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**C. Related Party as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

“Related Party” means a related party as defined under Sub Section 76 of Section 2 of the Companies Act, 2013 or under the applicable accounting standards.

§Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023;in the listed entity 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;  
shall be deemed to be a related party:"

**\*\*“Related Party Transaction”** means related party transactions as defined under applicable accounting standards or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended thereunder from time to time.

**A. Related Party Transaction as defined under Ind AS 24:**

“Related Party Transaction” means a transfer of resources, services or obligations between a reporting entity and a related party, regardless whether a price is charged.

**B. Related Party Transaction as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

“related party transaction” means a transaction involving a transfer of resources, services or obligations between:

(i) a 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; or

**(ii) a 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;**

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:

Provided that the following shall not be a related party transaction:

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 by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
- i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

**“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if -

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) Father (including step-father)
- (iv) Mother (including step-mother)
- (v) Son (including step-son)
- (vi) Son's wife
- (vii) Daughter
- (viii) Daughter's husband
- (ix) Brother (including step-brother)
- (x) Sister (including step-sister)

**\*\*“Close members of the family”** of a person as defined under Ind AS 24 (and amended from time to time) are the persons specified within meaning of 'relative' under the Companies Act, 2013 and that person's domestic partner, children of that person's domestic partner and dependents of that person's domestic partner.

**\*\*“Significant influence”** means significance influence as defined under Ind AS 24 (and as amended from time to time) - is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.





**#\$Material Related Party Transaction** - A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower."

#### **4. Policy :**

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

#### **4.1 Identification of Potential Related Party Transactions**

- (i) Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential 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.
- (ii) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/ Board has adequate time to obtain and review information about the proposed transaction.

#### **4.2 Prohibitions related to Related Party Transactions**

All Related Party Transactions \$and subsequent material modifications shall require prior approval of Audit Committee.

\$Provided that only those Members of the Audit Committee, who are Independent Directors, shall approve related party transactions.



Provided further that:

- (a) 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 ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
- (b) with effect from April 1, 2023, 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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the Subsidiary;

**Further, all Material Related Party Transactions and subsequent material modifications shall require prior approval of the Shareholders through Resolution and no Related Party shall vote to approve such Resolutions whether the entity is a Related Party to the particular transaction or not.**

§The aforesaid provisions and provisions of Clause 4.6 (Omnibus approval) shall not be applicable in the following cases:

- 1) Transactions entered into between a Company and its Wholly Owned Subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the General Meeting for approval.
- 2) Transactions entered into between two Wholly-Owned Subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the Shareholders at the General Meeting for approval.

**§4.3 Information to be reviewed by the Audit Committee for approval of Related Party Transactions:**

The Company shall provide the following information, for review of the Audit Committee for approval of a proposed Related Party Transaction:



- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a Subsidiary, such percentage calculated on the basis of the Subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its Subsidiary:
  - i) details of the source of funds in connection with the proposed transaction;
  - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transactions.
- g. Justification as to why the Related Party Transaction is in the interest of the Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.



#### **§4.4 Information to be reviewed by the Shareholders for approval of Related Party Transactions:**

The notice being sent to the Shareholders seeking approval for any proposed Related Party Transaction shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the Company to the Audit Committee as specified in point 4.3 above;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its Subsidiary, the details specified under point 4.3 (f) above;
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the Shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis;
- f. Any other information that may be relevant.

#### **4.5 Review and Approval of Related Party Transactions:**

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:



- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an Independent Director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- 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; and
- Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the Director's, 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.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

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.

**\*4.6 Omnibus approval for Related Party Transaction on annual basis:**

➤ **Audit Committee**

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to certain criteria/ conditions as required under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Rules, 2014 (as amended from time to time) and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.

Such omnibus approval shall be valid for one financial year.

➤ **##Shareholders**

Shareholders' may grant omnibus approval for material Related Party Transactions in a General Meeting. Such omnibus approval for material Related Party Transactions approved in an Annual General Meeting ("AGM") shall be valid up to the date of the next AGM for a period not exceeding fifteen months.

In case of omnibus approvals for material Related Party Transactions, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year.



## **5. Related Party Transactions not approved under this Policy:**

In 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 Committee. The 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 shall take any such action it deems appropriate.

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

This Policy will be communicated to all operational employees and other concerned persons of the Company.

## **\*6. Compliance:**

The Management will ensure that the transactions with Related Parties are carried out in compliance with this Policy and periodically report on the same to the Audit Committee.

##The Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions in the format as specified by SEBI from time to time, to the stock exchanges and publish the same on its website.

##With effect from April 1, 2023 the Company shall submit on the same date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions in the format as specified by SEBI from time to time, to the stock exchanges and publish the same on its website.





## **7. Review:**

The Policy will be reviewed @as and when required but at least once in three years.

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\* The amendments have been carried out on May 27, 2016.

\*\* The amendments have been carried out on December 21, 2017.

# The amendments have been carried out on May 22, 2019.

\$ The amendments have been carried out on January 31, 2022.

## The amendments have been carried out on November 08, 2022.

@ The amendments have been carried out on May 06, 2023.