



BIKAJI FOODS INTERNATIONAL LIMITED

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

Version	Prepared by	Approved by	Summary of changes	Board approval on	Date of release
Version 1	Audit Committee	Board	Initial	23.05.2019	23.05.2019
Version 2	Company Secretary and Compliance Officer	Board	To meet SEBI LODR Guidelines	30.12.2021	30.12.2021

1. PREAMBLE

Bikaji Foods International Limited (“the Company”) recognizes that for protection of interest of all the stakeholders and general public and also for good governance, it is necessary that the Company maintains uniformity and transparency in its dealings with Related Parties. This Policy has been framed in pursuance of Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder (“Companies Act”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”). It is hereby clarified that the provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 pertaining to the Related Parties transaction shall apply on the date of listing of Company’s securities or such earlier date as notified by the Managing Director of the Company.

The Board of Directors of the Company has adopted this Policy on the recommendation of the Audit Committee. The said Policy includes thresholds for materiality and the manner of dealing with Related Parties so as to be in compliance with the provisions of the Act and Listing Regulations.

2. OBJECTIVES

The objective of this Policy is to bring uniform practices relating to Related Party Transactions covering the process, methodology, arm’s length pricing, approval mechanism, disclosures and compliance with the provisions of the Companies Act, 2013 and rules framed thereunder, and the Listing Regulations. The policy aims to ensure that the Related Party Transactions of the Company are in line with the aforesaid statutory provisions. The Policy also aims to avoid any potential or actual conflict of interest between the Company and the stakeholders.

This Policy is applicable to all Related Party Transactions entered by the Company as per the Companies Act, 2013 and the Listing Regulations.

3. DEFINITIONS

- **“Audit Committee”** or **“Committee”** means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.
- **Arm’s Length Basis:** Terms will be treated as on ‘Arm’s Length Basis’ if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish ‘arm’s length basis. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.
- **“Board”** means the Board of Directors of the Company as defined under the Companies Act, 2013.

- **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.
- **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, **exceeds 10 (ten) percent** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 as amended from time to time whichever is stricter.

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 2 (two) percent** of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

- **“Ordinary Course of Business”** means the course of business in which Transactions are entered in pursuance of the business objective of the Company and necessary for Company’s operations or related financial activities, including the fixed assets transactions, except:
 - i) transactions involving transfer/ demerger/ acquisition/ business restructuring transaction of a business or a unit thereof;
 - ii) lending/ borrowing/ providing or receiving guarantees to/ from entities other than the entities which are consolidated in the Company’s Consolidated Financial Statements;
 - iii) investing in equity or instruments convertible in equity of the entities other than the entities which are consolidated in the Company’s Consolidated Financial Statements as per approved budget or divesting any such investment for an amount exceeding Rupees 10 (Ten Crore only) or 5% (five percent) of Company’s net worth, whichever is lower;
 - iv) any other items which are required to be reported as ‘Exceptional Item’ in the Company’s annual financial statements.
- **“Related Party”** means a related party as defined under the Companies Act, 2013 read with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Indian Accounting Standards, as amended from time to time.
- **“Related Party Transaction”** means any transactions by a listed entity or its subsidiary with any other party which has the purpose and effect of benefiting a related party of the listed entity or its subsidiary for transfer of resources, services or obligations, regardless of whether a price is charged and includes –
 - a. Sale, purchase or supply of any goods or materials;
 - b. Selling or otherwise disposing of, or buying property of any kind;
 - c. Leasing of property of any kind;
 - d. Availing or rendering of any services;
 - e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
 - f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
 - g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
 - h. Financing (including loans and equity contributions in cash or kind);

- i. Providing or obtaining guarantees and collaterals; and
 - j. Deputation of employees.
- (The above is an indicative list and not an exhaustive one).

- **“Relative”** means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –
 - a. Members of a Hindu undivided family;
 - b. Husband or wife;
 - c. Father (including step-father);
 - d. Mother (including step-mother);
 - e. Son (including step-son);
 - f. Son’s wife;
 - g. Daughter;
 - h. Daughter’s husband;
 - i. Brother (including step-brother); or
 - j. Sister (including step-sister).
- **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

The terms Director and Key Managerial Personnel shall have the same meaning as assigned under the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereof, Indian Accounting Standards; and or any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

4. **POLICY**

The Audit Committee shall review and approve all Related Party Transactions proposed to be entered into by the Company in conformity with this Policy.

The board shall review the policy once in every three (3) years and update it accordingly.

All the proposed Related Party Transactions must be reported to the Audit Committee for prior approval in accordance with this Policy. The Audit Committee may, however, grant omnibus approval in the case of frequent / regular / repetitive Transactions which are in the normal course of Business of the Company, subject to the conditions laid down in Clause 7 of this Policy.

In order to ensure the independence of the decision of the Audit Committee with respect to Related Party Transactions, in the event any member of the Audit Committee has a potential interest in any Related Party Transaction, such member shall not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction. Further, in accordance with the Listing Regulations, all entities that fall under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular Transaction or not.

It shall be the responsibility of the director and the Company to file the requisite form(s) as

mandated under the Act or the relevant rules, containing the particulars of the Related Party Transactions before the prescribed authority.

5. IDENTIFICATION OF RELATED PARTY

Each director and Key Managerial Personal shall responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as “related Party” by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

The Board shall record the disclosure of interest as per Companies Act, 2013. The Company shall identify Related Party Transaction with Directors or Key Managerial Personnel of the Company or their relatives.

6. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

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.

7. AMENDMENT/MODIFICATION/ADDITION:

In case there are any amendments, modifications, additions, etc. in the Act, or the relevant rules, or the Listing Regulations, as a result of which this Policy is required to be amended, in such event the proposed changes in the Policy shall be placed before the Audit Committee and the Board to be reviewed and accordingly approved. Upon the approval of the changes in the Policy, the Board/Audit Committee shall provide suitable directions/guidelines to implement the amended Policy.

Further if any contracts/arrangements pertaining to Related Party Transactions that are approved by the Audit Committee before such amendment/modification/addition, then transactions arising out of the same would not be required to be evaluated again at the time of execution of such contracts/arrangements, provided that the price, value or material terms of the contract or arrangement have not been varied / amended. It shall be the responsibility of the Head of the Finance & Accounts to monitor this process in order to ensure timely execution of the Transactions.

8. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in ordinary course of business and on at Arm’s Length basis, subject to compliance of the conditions contained in Regulation 23 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Any member of the Committee who has a potential interest in any Related Party Transaction shall 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 the necessary information to the extent relevant, with respect to actual or potential Related Party Transaction and/or prescribed under the Companies Act, 2013 and Rules there under, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

Approval of Board of Directors

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 the Board to approve a Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and 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.

Approval of Shareholders

1. In the event the Transaction is not in ordinary course of business and not on arm's length price and exceeds the limits specified in the Act read with rules made thereunder and Listing Agreement, the Company shall, along with the approval of the Board, also seek approval of the shareholders through Resolution. In case the member of the Company is a Related Party in the concerned Transaction, such member shall abstain from voting on such resolution.
2. All material RPTs would require an approval of Shareholders through a resolution and a Related party would not vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
3. All entities falling in the definition of Related parties would not vote to approve the relevant transaction irrespective of whether the entity is a related party to the particular transaction or not.
4. The Related parties would be allowed to cast a negative vote, as such voting would not be considered to be in conflict of interest.

Transaction not requiring approval of Audit Committee, Board or Shareholders-

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board 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 where all holders of such securities receive the same benefits pro rata

as the Related Party.

9. DISCLOSURES

Particulars of contracts or arrangements with Related Parties referred to in sub section (1) of Section 188 of the Act shall be disclosed in the Directors Report in the prescribed format as per the provisions.

The Company shall disclose this policy on its website and provide weblink in its Annual Report.

Such other disclosures, as may be required under any statutory provision as may be applicable to the Company, shall be made accordingly by the Company.

10. POLICY REVIEW

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Act, Listing Regulations or any other regulations, which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy, due to change in the Regulations or as may be felt appropriate by the Audit Committee. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for approval of the Board of Directors.