



RELATED PARTY TRANSACTION POLICY
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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 & 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; and
- (v) 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”** means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds ten (10) 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 any services and/ or leasing of property.	50 Crores
Appointment of a person in place of profit	30 lakhs

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 company which is -
(A) a holding, subsidiary or an associate company of such company ; or
(B) a subsidiary of a holding company to which it is also a subsidiary ;
- (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 any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity 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 transfer of resources, services or obligations between a listed entity 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 transactions in a contract.

“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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

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 shall require prior approval of Audit Committee.

Further, all Material Related Party Transactions shall require approval of the shareholders through Special Resolution and the Related Parties shall abstain from voting on such resolutions.



All existing material related party contracts or arrangements 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.

4.3 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.

***4.4 Omnibus approval for Related Party Transaction on annual basis:**

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.

***4.5** Clause 4.2 and Clause 4.4 shall not apply for the transactions entered into by the Company with its wholly owned subsidiaries where the accounts of the wholly owned subsidiaries are consolidated with the Company's accounts and are placed before the shareholders at the general meeting for approval.

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.



7. Review:

The Policy will be reviewed by the Managing Director and/ or the Whole Time Directors on annual basis and they will be severally authorized to carry out the necessary amendments therein as per the amendments in the Companies Act, 2013, Rules thereunder and SEBI (Listing Obligations and Requirements) Regulations, 2015.

* 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.