

## Policy on Related Party Transactions

### **OBJECTIVE:**

The Board of Directors (the "Board") of Vadilal Dairy International Limited (the "Company"), acting upon the recommendation of its Audit Committee has adopted the following policy (the "policy") and procedures with regard to Related Party Transactions ("RPT"). The Audit Committee shall review and may amend this policy from time to time. This policy is framed as per requirement of Clause 49 of the Listing Agreement ("LA").

The objective of this policy is to regulate the transaction between Company and its Related Parties based on the laws and regulations applicable to the Company in this regard and to ensure proper approval and reporting of transactions between the Company and its Related Parties.

### **PURPOSE:**

The policy is not only to be in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act and other applicable laws of the country. Further, as per the revised clause 49 (VII) of the Listing Agreement, a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of related party Transaction. This policy therefore lays down the mechanism to deal with Related party Transactions.

### **1. DEFINITIONS:**

- a) **"The Act"**, means Companies Act, 2013, together with the Rules notified there under including statutory modifications or re- enactments thereof for the time being in force (hereinafter referred to as "Act").
- b) **"Listing Agreement"** means the Equity Listing Agreement entered by the Company with the respective Stock Exchange in India.
- c) **"Associate Company"**, in relation to another Company, means a Company in which that other Company has a significant influence, but which is not subsidiary company of the Company having such influence and includes a joint venture company.
- d) **"Policy"** mean Policy on Related Party Transaction.
- e) **"Board"** means Board of Directors of the Company.
- f) **"Audit Committee"** means Committee of Board of Directors of the Bank constituted under provisions of listing agreement with the stock exchanges.
- g) **"Related Party"** shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or under Clause 49 (VII) of the Listing Agreement with the Stock Exchanges as may be amended from time to time.
- h) **"Related Party Transaction"** shall mean all transactions as per Clause 49 (VII) of the Listing Agreement with the Stock Exchanges as may be amended from time to time.

- i) **“Material transaction”** shall have the same meaning as defined under the listing agreement with the stock exchange.
- j) **“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.

## 2. POLICY

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

## 3. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS

A Related Party will be brought to the attention of the Management and the Board/Audit Committee by the Legal and Secretarial Department at least on an annual basis.

The Legal and Secretarial Department needs to inform any change in the Related Party List to the Company to identify the Related Party Transactions.

## 4. APPROVAL OF RELATED PARTY TRANSACTIONS

The Company shall not enter into any Related Party Transaction except as stated hereinafter:

➤ **Transaction requiring approval of the Audit Committee:**

- All the Related Party Transactions shall require approval of the audit committee.
- Except for the transactions between the Company and its wholly owned subsidiary/(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval (“WOS”), all Related Party Transactions shall require a prior approval of the Audit Committee. Provided that any Related Party Transaction which is not in the ordinary course of business or not at arm’s length shall require a prior approval of the Audit Committee.

➤ **Transactions requiring approval of Board:**

Following transactions shall require a prior approval of the Board.

- Related Party Transactions which are not in the ordinary course of Business or not at arm’s length price.
- Material Related Party Transactions.

➤ **Transactions requiring approval of Shareholders of the Company :**

- All Material Related Party Transactions shall require approval of the Shareholders of the Company by way of special resolution passed at the general meeting of the Company; and all related party shall abstain from voting on such resolution irrespective of whether the entity is a party to the particular transaction or not.
- All Related Party Transactions which are not in the ordinary course of Business or not at arm’s length price and which are in excess of the limit prescribed under the Act requiring the approval

of the shareholders, shall require an approval of the Shareholders by way of special resolution passed at the general meeting of the company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.

#### **5. APPROVAL AND REVIEW MECHANISM:**

- While seeking approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the laws shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.
- In case of Related Party Transactions are repetitive in nature, the Audit Committee may grant an omnibus approval for a period not exceeding one year for the transaction proposed to be entered into by the Company in the manner and to be entered into by the Company in the manner and to the extent prescribed under the Laws. The Audit Committee however, satisfies itself the need for such omnibus approval that such approval is in the interest of the Company.
- In case of Related Party Transactions which cannot be foreseen or transactions in which complete details are not available, the Audit Committee may grant omnibus approval for such transactions provided that the value does not exceed Rs. 1 Cr per transaction in a financial year.
- Any Director or KMP who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussion on the subject matter of the resolution relating to such transaction.
- The Audit Committee shall review, on quarterly basis, the details of all Related Party Transactions entered into by the Company.

#### **6. DISCLOSURE:**

Appropriate Disclosures as required under the Act and the Listing Agreement will be made in the Annual report, Board's Report and to the Stock exchange.

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