

# **ZUARI INDUSTRIES LIMITED**

**(FORMERLY KNOWN AS ZUARI GLOBAL LIMITED)**

## **POLICY ON RELATED PARTY TRANSACTIONS**

|  |                                   |
|--|-----------------------------------|
| Date of Adoption: 29 October 2014                  | (effective from 1 October 2014)   |
| Date of 1 <sup>st</sup> Revision: 9 September 2016 | (effective from 9 September 2016) |
| Date of 2 <sup>nd</sup> Revision: 28 July 2017     | (effective from 28 July 2017)     |
| Date of 3 <sup>rd</sup> Revision: 12 February 2018 | (effective from 12 February 2018) |
| Date of 4 <sup>th</sup> Revision: 14 February 2020 | (effective from 14 February 2020) |
| Date of 5 <sup>th</sup> Revision: 4 June 2021      | (effective from 4 June 2021)      |
| Date of 6 <sup>th</sup> Revision: 14 February 2022 | (effective 1 April 2022)          |
| Date of 7 <sup>th</sup> Revision: 14 August 2023   | (effective from 14 August 2023)   |

## INDEX

| <b>S. No.</b> | <b>Particulars</b>  | <b>Page No.</b> |
|---------------|---|-----------------|
| <b>1</b>      | <b>Preamble &amp; Purpose</b>   | <b>2</b>        |
| <b>2</b>      | <b>Definitions</b>  | <b>2 – 4</b>    |
| <b>3</b>      | <b>Identification of Related Parties and Related Party Transactions</b> | <b>4</b>        |
| <b>4</b>      | <b>Review and Approval of Related Party Transactions</b>                | <b>4 – 7</b>    |
| <b>5</b>      | <b>Deemed Approval</b>  | <b>7</b>        |
| <b>6</b>      | <b>Ratification of Transactions</b>                                     | <b>7 – 8</b>    |
| <b>7</b>      | <b>Disclosure by the Company</b>  | <b>8</b>        |
| <b>8</b>      | <b>Policy review</b>  | <b>8</b>        |
| <b>9</b>      | <b>Limitation and Amendment</b>   | <b>8</b>        |

## **ZUARI INDUSTRIES LIMITED**

***(Formerly Zuari Global Limited)***

### **Policy on Related Party Transactions**

#### **1. Preamble**

The Board of Directors (**the “Board”**) of **ZUARI INDUSTRIES LIMITED (the “Company”)**, on recommendation of the Audit Committee has adopted this Policy on Related Party Transactions (**the “Policy”**) in pursuance of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**“SEBI Listing Regulations”**) as amended from time to time.

The Policy shall be reviewed by the Board, basis the recommendation of Audit Committee at least once every three years and updated accordingly.

#### **Purpose**

The Companies Act, 2013 (**the “Act”**) together with the rules notified thereunder, SEBI Listing Regulations, applicable accounting standards (including any modifications/re-enactments thereof) and related circulars, clarifications, guidelines and notifications issued thereunder (**together referred to as the “applicable laws”**), provides a framework for regulating transactions with Related Parties.

The Policy has been adopted to ensure due and proper compliance with the applicable laws.

The objective of this policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company from time to time. The policy lays down the framework for appropriate approval and reporting of related party transactions in line with the best corporate governance practices. The transactions with related parties shall be entered into only if they are in the best interest of the Company and its shareholders.

This Policy will be applicable to the Company effective from 01<sup>st</sup> April 2022.

#### **2. Definitions**

- 2.1 **“Act”** means the Companies Act, 2013 read with the rules notified thereunder, as amended from time to time.
- 2.2 **“Arm’s length terms”** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 2.3 **“Applicable Law”** means the Act together with the rules notified thereunder, SEBI Listing Regulations, applicable accounting standards (including any modifications/re-enactments thereof) and related circulars, clarifications, guidelines and notifications issued thereunder
- 2.4 **“Associate Company”** shall mean any entity which is an associate under Section 2(6) of the Act or under the applicable accounting standards.
- 2.5 **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of SEBI Listing Regulations & the Act.
- 2.6 **“Board”** means Board of Directors of the Company.
- 2.7 **“Key Managerial Personnel” (KMP)** 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.
  - (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 under the Act from time to time

- 2.8 **“Material Modification”** means and include any modification to an existing related party transaction having variance of 20% or more of the existing limit (*whether individually or in aggregate*) as approved by the Audit Committee / Board / Shareholders, as the case may be. The said variation may be in terms of value, quantity and / or such other factors as may be decided by the Audit Committee.
- 2.9 **“Material Related Party Transaction”** means a transaction with a related party 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 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower.

Provided a transaction involving payments made to related party with respect to brand usage or royalty shall be considered material, if 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.

- 2.10 **“Ordinary Course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.
- 2.11 **“Policy”** means this Policy on Related Party Transaction.
- 2.12 **“Related Party”** means a related party as defined under section 2(76) of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- (i) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (ii) any person or any entity, holding equity shares:
  - i. of 20% or more; or
  - ii. of 10% 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:

- 2.13 **“Relative”** means relative as defined under section 2(77) of the Act and with reference to any person, means any one 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)

- 2.14 **“Related Party Transaction” (RPT)** means

- (i) transaction involving a transfer of resources, services or obligations between:
  - i. the Company or any of the subsidiaries on one hand and a related party of the Company or any of the subsidiaries on the other hand; or
  - ii. the Company or any of the 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 Company or any of the 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.

- (ii) Transaction(s) covered under Section 188 of the Act and Rules frames thereunder.

In terms of the applicable provisions of SEBI Listing Regulations, the following shall not be considered as Related Party Transaction:

- (i) 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;
- (ii) 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.

2.15 “**subsidiary**” means a subsidiary as defined under Section 2(87) of the Act.

Any term not defined in this policy shall have the same meaning as given in the Act and rules framed thereunder and /or SEBI Listing Regulations. Likewise, reference in this Policy to Indian Accounting Standards shall be deemed to refer to the contemporaneous Indian Accounting Standards as may be applicable to the Company.

### **3. Identification of Related Parties and Related Party Transactions (“RPTs”):**

- 3.1 In terms of Section 184 of the Companies Act, 2013 all the Directors shall provide written notice to the Company in the beginning of each financial year and whenever there is any change in their concern or interest in other entities, during the year.
- 3.2 On the basis of criteria prescribed under the applicable laws and as per the declaration(s)/ disclosure(s)/ notice(s) received from the Directors and KMPs, the list of related parties of the Company and of its subsidiary companies are compiled and updated from time to time.
- 3.3 Every Director/ Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential RPT involving directly or indirectly him / her or his / her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.
- 3.4 The Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy. The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

### **4. Review and Approval of Related Party Transactions (RPTs):**

#### **4.1 Approval of Audit Committee:**

- 4.1.1 Unless otherwise provided under applicable laws, prior approval of the Audit Committee would be required for the following transactions (irrespective of being in the ordinary course of business or at arm’s length basis) in accordance with this Policy:
  - a. All RPTs and subsequent material modifications thereof.
  - b. RPTs to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds threshold of
    - i. 10% of the annual consolidated turnover, as per the last audited financial statements of the Company (effective from 1 April 2022);

- ii. 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary (effective from 1 April 2023);
- c. However, prior approval of the audit committee of the Company shall not be required for the following:
  - (i) A RPT to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations (i.e. the prescribed Corporate Governance provisions) are applicable to such listed subsidiary. Furthermore, for RPTs of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.
  - (ii) Transactions, between a holding company and its wholly owned subsidiary company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
  - (iii) Transactions between two wholly-owned subsidiary Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

4.1.2 Any member of the Committee who has a potential interest in any RPT will recuse him / herself and abstain from discussion and voting on the approval of the RPT. Only those members of the Committee, who are Independent Directors, shall approve RPTs.

#### 4.1.3 Omnibus Approval by Audit Committee

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

- a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-
  - (i) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
  - (ii) the maximum value per transaction which can be allowed;
  - (iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - (iv) review, at such intervals\* as the Audit Committee may deem fit, RPTs entered into by the company pursuant to each of the omnibus approval made;  
  
\*(In addition to the mandatory quarterly review.)
  - (v) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
  - (i) repetitiveness of the transactions (in past or in future);
  - (ii) justification for the need of omnibus approval.
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- d. The omnibus approval shall specify
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,

(ii) the indicative base price / current contracted price and the formula for variation in the price if any; and

(iii) such other conditions as the Audit Committee may deem fit;

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

- e. Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the approval/omnibus approval given.
- f. To review a RPT, the Committee will be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the terms of the Contract, and any other relevant matters.
- g. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.
- h. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

#### **4.2 Approval of Board of Directors:**

4.2.1 All RPTs shall be placed before the Board for information.

4.2.2 The approval of the Board will be taken for all RPTs, wherever required, under the SEBI Listing Regulations and/or provisions of the Companies Act, 2013 and/or any other applicable laws as amended from time to time and/or in case of transactions referred to the Board by the Audit Committee.

4.2.3 Approval of Board of Directors shall not be required for following transactions:

- a. Transactions entered into between the holding Company and its wholly owned subsidiary company, whose accounts are consolidated with the holding Company and placed before the shareholders at the general meeting for approval.
- b. Transactions entered into between two wholly-owned subsidiaries of the holding Company, whose accounts are consolidated with ZIL and placed before the shareholders at the general meeting for approval.
- c. Transactions as per Section 188 of the Companies Act, 2013 which are in ordinary course of business and on arm's length basis.

4.2.4 Any member of the Board who has any potential interest in any RPTs will recuse him/herself and abstain from discussion and voting on the approval of such RPT.

4.2.5 The approval mechanism for RPTs shall be as stipulated in the SEBI Listing Regulations and/or the Act, as amended from time to time.

#### **4.3 Approval of Shareholders:**

4.3.1 All material RPTs and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolution.

Provided that prior approval of the shareholders of the Company shall not be required for following transactions:

- a. a RPT to which the listed subsidiary is a party, but the Company is not a party if regulation 23 and regulation 15(2) of the SEBI Listing Regulations (i.e., the prescribed Corporate Governance provisions) are applicable to such listed subsidiary. Furthermore, for RPTs of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.
- b. Transactions entered into between the holding Company and its wholly owned subsidiary company, whose accounts are consolidated with the holding Company and placed before the shareholders at the general meeting for approval.
- c. Transactions entered into between two wholly-owned subsidiaries of the holding Company, whose accounts are consolidated with ZIL and placed before the shareholders at the general meeting for approval.

4.3.2 All RPTs pursuant to Section 188(1) of the Act which are not in the ordinary course of business and/or not at arms' length terms and exceed the threshold specified in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification or re-enactment thereof shall also require prior approval of shareholders of the Company through Ordinary resolution. No Related Party shall vote to approve such resolution.

4.3.3 The approval mechanism for RPTs shall be as stipulated in the SEBI Listing Regulations and/or the Act, as amended from time to time.

## **5. Deemed Approval**

Transactions or arrangements which are specifically dealt in terms of specific provision(s) of the applicable laws and executed under separate procedures/ approvals mechanism shall not be required to be approved under this Policy, including but not limited to the following:

- (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 including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (ii) Shares based incentive plans for the benefits of Directors or KMPs approved by the Shareholders including ESOPs.
- (iii) Corporate actions which are uniformly applicable to everyone including related parties.
- (iv) Any other transaction or arrangement for which approval of the Audit Committee or Board or Shareholders, is not required or exempted under the Act, SEBI Listing Regulations or any other applicable law.

## **6. Ratification of Transactions**

- 6.1 Subject to provisions of SEBI Listing Regulations and the Act, a RPT entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification, at the earliest, but not later than the immediate next meeting of the Audit Committee.
- 6.2 Subject to provisions of SEBI Listing Regulations and the Act, in the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations, at the earliest, but not later than the immediate next concerned meeting.
- 6.3 In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.



- 6.4 Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a Resolution in the general meeting as may be applicable and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- 6.5 In the event any Director, KMP, any officer, or any other person becomes aware of any RPT with a Related Party that's in deviation of this Policy and/or has not been approved under this Policy prior to its consummation, such person shall promptly notify the matter to the Company Secretary of the Company who shall ensure that the same is placed before the Audit Committee/ Board of Directors (as applicable) at the earliest but not later than first meeting of the Audit Committee or Board of Directors held after the date of such intimation.
- 6.6 The Audit Committee/ Board of Directors (as applicable) shall consider all of the relevant facts and circumstances regarding the said transaction, and shall evaluate all options available to the Company, including ratification, revision, termination etc, of the said RPT. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.
- 6.7 In any case, where the Committee determines not to ratify a RPT 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 RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.
- 6.8 In case the Company is not able to take prior approval from the Audit Committee/ the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained, subject to compliance of provisions mentioned under above clauses read with the Act and SEBI Listing Regulations.
- 6.9 This Policy will be communicated to all operational employees and other concerned persons of the Company.

## **7. Disclosure by the Company**

- 7.1 Appropriate disclosures as specified under the Act and the SEBI Listing Regulations, shall be made by the Company in its Board Report, Annual Report, to the Stock Exchanges and on its website.
- 7.2 This Policy shall be hosted on the Company's website and web-link of the same shall be provided in the Annual Report.
- 7.3 A summarized statement of all transactions with Related Parties entered during the relevant quarter pursuant to the contracts or arrangements already approved by the Audit Committee/ Board of Directors/ Shareholders (as applicable), shall be placed before the Audit Committee and Board of Directors for their information, review & noting, at each quarterly meeting.

## **8. Policy review:**

The Audit committee will review the Policy from time to time based on the RPTs and recommend to the Board suitable modifications, as may be necessary.

## **9. Limitation and Amendment:**

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Listing Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.