



HINDUSTAN FOODS LIMITED

**POLICY ON RELATED PARTY
TRANSACTIONS**



HINDUSTAN FOODS LIMITED

1. PREAMBLE:

The Board of Directors (the “Board”) of Hindustan Foods Limited (the “Company” or “HFL”), has adopted the following policy and procedures with regard to the Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. PURPOSE:

This policy is primarily framed based on Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 [hereinafter referred to as “Listing Regulations”] and the provisions of the Companies Act, 2013 (the “Act”) read with applicable rules made there under which provide a framework for regulating transactions with the Related Parties.

3. DEFINITIONS

- 3.1. “The Act” means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”).
- 3.2. “Accounting Standards” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
- 3.3. “Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- 3.4. “Policy” means Policy on Related Party Transactions.
- 3.5. “Board” means Board of Directors of the Company.
- 3.6. “Audit Committee” means Committee of Board of Directors of the Company constituted under the applicable laws.
- 3.7. “Key Managerial Personnel” or “KMP” means:



HINDUSTAN FOODS LIMITED

(i) The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;

(ii) The Company Secretary;

(iii) The Whole-time director and

(iv) the Chief Financial Officer (CFO) and

(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;

3.8. "Relative", with reference to any person, means one who is related to another in any of the following manner —

(i) if they are members of a Hindu Undivided Family

(ii) if they are husband and wife

(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)

3.9. "Related Party" is a person or an entity which is:

(i) a related party under Section 2(76) of the Act;

(ii) a related party under the applicable Accounting Standards;

(iii) any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company

3.10. "Related Party Transaction" means a transaction involving transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged and includes the following transactions:

(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 purchase or sale of goods, materials, services

(f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company and

(g) underwriting the subscription of any securities or derivatives thereof, of the Company



HINDUSTAN FOODS LIMITED

Explanation: Related Party Transaction includes a single transaction or a group of transactions in a contract, with a Related Party.

3.11. “Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or reenactments thereof for the time being in force (hereinafter referred to as “SEBI LODR Regulations”).

3.12. “Material Related Party Transaction” means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:

3.12.1. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 2% of the annual consolidated turnover of the Company as per its last audited financial statements;

3.12.2. In case of any other transaction(s), if the amount exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements;

3.13. “Unforeseen Related Party Transaction” means a related party transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one crore per transaction.

3.14. “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.

3.15. “Transactions in the ordinary course of business” mean transactions/activities that are connected to or necessary for the business of the Company and satisfy the following principles:

- a) The transaction/activity is permitted under the Memorandum and the Articles of Association of the Company;
- b) The transaction/activity is carried on a frequent or regular basis or is as per the industry practice; and
- c) The terms of the transaction/activity are similar to those which would be otherwise applicable to transactions with unrelated parties.



HINDUSTAN FOODS LIMITED

4. POLICY

Identification of Related Party Transactions:

Each Director and Key Managerial Personnel (KMP) is responsible to notify to the Board regarding persons and entities to be considered as `Related Parties` by virtue of his/her being Director/ KMP in the company. Such Notice shall be issued 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 Company Secretary shall be responsible for keeping a record of all Related Parties of the Company and the transactions with all Related Parties at all times. As regards transactions with Related Parties that require prior approval of the Audit Committee/Board, the Company Secretary shall be responsible to notify the Audit Committee/Board of any such potential Related Party Transactions.

As regards transactions with Related Parties that require prior approval of the Board/Audit Committee, the Company Secretary shall be responsible to notify the Board/Audit Committee of any such potential Related Party Transactions.

The notice of any potential Related Party Transaction shall be given well in advance to the Board/ Audit Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

Approval and Review of Related Party Transactions:

The Company shall take prior approval of Audit Committee, Board or Shareholders, as may be required under this policy to enter into Related Party Transactions.

While seeking the 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 or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.





HINDUSTAN FOODS LIMITED

(i) Transactions requiring prior approval of the Audit Committee:

All the Related Party Transactions shall require prior approval of the Audit Committee.

The Audit Committee shall grant approval/ omnibus approval for Related Party Transactions proposed to be entered into by the Company, in line with this policy on the Related Party Transactions of the Company.

The Audit Committee may grant omnibus approval for Related Party Transactions considering the repetitive nature of the transactions. The Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company. Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

The omnibus approval granted by the Audit Committee shall include the following particulars:

- Name of the related parties;
- Nature and duration of the transaction;
- Maximum amount of transaction that can be entered into;
- The indicative base price or current contracted price and the formula for variation in the price, if any; and
- Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

In case of Unforeseen Related Party Transactions, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs.1 crore per transaction in a financial year.

The Audit Committee shall not grant omnibus approval for transactions in respect of selling or disposing of the undertaking of the Company.

All Material Related Party Transactions shall be reviewed and validated by the Statutory Auditors of the Company and a confirmation of the same shall be made to the Audit Committee, the Board of Directors and the Shareholders of the Company while seeking the necessary approvals.



HINDUSTAN FOODS LIMITED

Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.

The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company. The management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions on a quarterly basis.

(ii) Transactions requiring prior approval of the Board:

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 Board is to consider and approve the Related Party Transaction at a meeting.

Following transactions shall require a prior approval of the Board:

- i) Related Party Transactions which are not in the ordinary course of business or not at arm's length price.
- ii) Material Related Party Transactions.

(iii) Transactions requiring prior approval of the Shareholders:

All Material Related Party Transactions shall require approval of the Shareholders of the Company by way of a resolution passed at the General Meeting of the Company; and no related party shall vote to approve such resolutions 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 and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require an approval of the Shareholders by way of a 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.





HINDUSTAN FOODS LIMITED

5. DISCLOSURES

Appropriate disclosures as required under the Laws shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.

6. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
