

VIDHI SPECIALTY FOOD INGREDIENTS LIMITED
CIN: L24110MH1994PLC076156

Policy on Related Party Transactions

(Revised on February 10, 2022)

A. AUDIT COMMITTEE APPROVAL -

1. The Company shall not enter into any contract or arrangement with a Related Party without prior approval of the Audit Committee. Further, all subsequent material modifications, other than those with exempted Wholly Owned Subsidiaries, if any (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) will also require prior approval of the Audit Committee.

Provided that only those members of the audit committee, who are Independent Directors, shall approve related party transactions.

Note: A modification in related party transactions approved earlier shall be considered as material in nature if the variation in the amount or quantity, as the case may be, is more than 20% of the consolidated turnover, as per the last audited financial statements of the Company or such limit as prescribed by the SEBI under the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“SEBI LODR”).

2. A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company, or such limit as prescribed under the SEBI LODR.

Provided that with effect from April 01, 2023, a related party transaction to which the Subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary, or such limit as prescribed under the SEBI LODR.

3. Prior approval of the Audit Committee of the Company shall *not* be required for a related party transaction to which the Listed Subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of SEBI LODR are applicable to such Listed Subsidiary.

Explanation: For related party transactions of Unlisted Subsidiaries of a Listed Subsidiary as referred above, the prior approval of the Audit Committee of the Listed Subsidiary shall suffice.

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4. The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following disclosures:
 - 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.
5. The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.
6. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

7. In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

B. SHAREHOLDERS' APPROVAL -

8. All material related party transactions and subsequent material modifications, as defined aforesaid, other than those with exempted Wholly Owned Subsidiaries of the Company, if any, shall require prior approval of the shareholders of the Company through resolution and no related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

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 Rupees 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Provided that 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 five percent (5%) of

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the annual consolidated turnover of the Listed Entity as per the last audited financial statements of the Listed Entity.

9. Prior approval of shareholders of the Company shall *not* be required for a related party transaction to which the Listed Subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of the SEBI LODR are applicable to such Listed Subsidiary.

Explanation: For related party transactions of Unlisted Subsidiaries of a Listed Subsidiary as referred above, the prior approval of the shareholders of the Listed Subsidiary shall suffice.

10. In case the Related Party Transactions are not falling under above category but require approval of the shareholders under the Companies Act, 2013, the approval of the shareholders will be required before entering into such transactions or in case the transaction was entered without taking prior approval, the approval of the shareholders shall be obtained within 3 months of entering into the transactions.

C. NO REQUIREMENT OF APPROVAL OF AUDIT COMMITTEE, SHAREHOLDERS AND OMNIBUS APPROVAL -

11. The requirement of approval of Audit Committee, prior approval of shareholders and omnibus approval shall not be applicable in following cases:

(i) Transactions entered into between a Holding Company and its Wholly Owned Subsidiary, if any, whose accounts are consolidated with such Holding Company and placed before the shareholders at the general meeting for approval;

(ii) transactions entered into between two Wholly-owned Subsidiaries of the Listed Holding Company, whose accounts are consolidated with such Holding Company and placed before the shareholders at the general meeting for approval; and

(iii) Any transactions exempted under the Companies Act, 2013 or the SEBI LODR from time to time.