



PRATAAP SNACKS LIMITED

**POLICY ON MATERIALITY OF
RELATED PARTY
TRANSACTIONS AND DEALING
WITH RELATED PARTY
TRANSACTIONS**

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRNSACTIONS

Introduction and Purpose

The Board of Directors of Prataap Snacks Limited (“the Company”) on September 23, 2016 has adopted this Policy to regulate transactions of the Company with its Related Parties in compliance with applicable provisions of the Companies Act, 2013 (“the Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”). Further, this Policy has been amended from time to time.

This Policy shall come into effect from 1st April, 2022.

Objective

The objective of this Policy is to set out:

- a) the materiality thresholds for related party transactions;
- b) the manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company;
- c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

Definitions

- a) **Arm’s Length Basis** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- b) **“Audit Committee or Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- c) **“Board”** means Board of Directors of the Company.
- d) **“Company”** means Prataap Snacks Limited.
- e) **“Policy”** means Policy on materiality of related party transactions and dealing with related party transactions.
- f) **“Related Party”** with reference to the Company means and shall have the same meaning as defined under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards.
- g) **“Related Party Transaction” (“RPT”)** with reference to the Company means any contract or arrangement with a related party as referred under Section 188 of the Companies Act, 2013 or defined under Regulation 2 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- h) **“Material modification”** to a Related Party Transaction shall mean and include any modification in the existing transaction which result in change in the parties of the transaction; or change in value of the transaction by more than 20% of the original approved value; or any other modification, which the Audit Committee may, at its sole discretion, declare as ‘Material modification’.
- i) a transaction with a related party shall be considered **“Material Related Party Transaction”**, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 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 that a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered Material Related Party Transaction if the 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.

- j) **“Ordinary Course of Business”**: RPT will be considered in ordinary course if it entered in the normal course of the business pursuant to the objects of the Company as per the charter documents of the Company.

Any other term not defined herein shall have the same meaning as defined in the Act, Listing Regulations or any other applicable law or regulation.

Approval of the Related Party Transactions

a) **Prior approval of Audit Committee**

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company as per the applicable requirements of the Act or Listing Regulations, as the case may be.

In case of RPTs which are repetitive in nature, the Audit Committee may grant omnibus approval subject to the conditions and requirements of the Act or Listing Regulations, as the case may be and the criteria approved for granting the omnibus approval.

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company, where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, does not exceed Rs. 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.

Where the need for RPT cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transaction provided that the value of each such transaction shall not exceed Rs. One crore.

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 granted.

The remuneration and sitting fees paid by the Company or its subsidiary, if any, to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee and shall also not require disclosure to the stock exchange(s) under sub regulation (9) of regulation 23 of the Listing Regulations

provided that the same is not material in terms of the provisions of sub-regulation (1) of regulation 23 of the Listing Regulations.

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub regulation (1) regulation 23 of the Listing Regulations;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub regulation (9) regulation 23 of the Listing Regulations.
- (v) any other condition as may be specified by the audit committee.

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by the Company.

b) Prior approval of Board

All RPTs within the meaning of the Section 188 of the Act shall require prior approval of the Board.

However, no such approval of the Board shall be required in case of RPTs entered into by the Company in its ordinary course of business and on an arm's length basis.

c) Prior approval of Shareholders

All RPTs within the meaning of Section 188 of the Act exceeding threshold specified therein shall require prior approval of the shareholders of the Company.

However, no such approval of the shareholders is required in case of RPTs entered into by the Company in its ordinary course of business and on an arm's length basis.

All Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders.

The approval mechanism for Related Party Transactions shall be as stipulated in the the Act and / or Listing Regulations, as amended from time to time.

Review and Amendment:

This Policy shall be reviewed by the Board of Directors at least once every three years or as and when any changes are to be incorporated in the Policy due to change in law, regulations or as may be felt appropriate by them. Any changes/amendment/modification in the Policy will be in writing and approved by Board of Directors of the Company.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or other applicable law, which makes any of the provision in the Policy inconsistent with the Act or Listing Regulations or law, then the provisions of the Act, Listing Regulations or law would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with law.

Disclosure

This Policy shall be made available on the website of the Company and web link of the same shall be disclosed in Board's Report, as applicable.
