



Modi Naturals Limited

Policy on materiality of Related Party Transactions and on dealing
with Related Party Transactions



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

The Policy on Related Party Transactions has been framed in accordance with the applicable provisions of Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

APPLICABILITY

This Policy shall be applicable to Related Party Transactions between Modi Naturals Limited and its Related Parties.

1. TERMS AND REFERENCES

1.1 Related Party Transaction

Related Party Transaction means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

1.2 Materiality of Related Party Transaction(s)

Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed rupees one thousand crore or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statement, whichever is lower, or such sum or limit as may be prescribed under the Listing Regulations.

1.3 Material Modifications

Material modifications in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 10% or rupees fifty crore, whichever is higher.

1.4 Subsidiary

"Subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 ('Act').

1.5 "Transactions on 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.



All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

2. POLICY

- 2.1 All Related Party Transaction(s) shall be entered on arms' length basis.
- 2.2 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors, as the case may be.
- 2.3 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the Listing Regulations, may deviate from the principle of arm's length, after obtaining approval from its audit committee and / or board of directors, as the case may be and approval of Audit Committee and Shareholders of the Company, if applicable.
- 2.4 All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time.

3. APPROVAL

- 3.1 All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.
- 3.2 All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.
- 3.3 However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
 - (i). The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - (ii). The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
 - (iii). Such 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 Related Party Transaction 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.

(iv). Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

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

3.4 Further, the following Related Party Transaction(s), shall require approval of the Shareholders through Special Resolution and all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not:

- All Material Related Party Transaction(s); OR
- Any Related Party Transaction, which is prescribed under any law for shareholders' approval.

"Provided that above requirements of obtaining approval of Audit Committee or Shareholders shall not be applicable on transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

3.5 Related Party Transactions to be entered into, will be reported/referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself/herself and abstain from discussion and voting on the approval of the Related Party Transaction.

4. AMENDMENT

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

5. REVIEW

This Policy will be reviewed as and when required but atleast once in three years.
