



**WARDWIZARD FOODS AND BEVERAGES LIMITED
POLICY ON RELATED PARTY TRANSACTIONS**

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POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

- 1)** **Wardwizard Foods and Beverages Limited** (hereinafter referred to as the ‘**Company**’) has always been committed to good Corporate Governance Practices, including in matters relating to Related Party Transactions. An endeavor is consistently made to have only arms’ length transactions with Related Parties. Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders’ best interests and in compliance to the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2)** All Related Party Transactions (RPT), as that term is defined in this policy, shall be subject to review in accordance with the procedures set forth below. The Board of Directors (**the “Board”**) has determined that the Audit Committee (the “Committee”) is best suited to review all Related Party Transactions.
- 3)** This Related Party Transactions (“**Policy**”) is framed based on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVE

2.1 This Policy is intended as follows:

- To ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time;
- To ensure high standards of Corporate Governance while dealing with related parties.

2.2. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

- 1)** “**Act**” means Companies Act, 2013 (Act) and Rules made thereunder, including any amendments or modifications thereof.
- 2)** “**Audit Committee**” or “**Committee**” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

- 3) **"Board"** means the Board of Directors of Wardwizard Foods and Beverages Limited
- 4) **"Policy"** means this Policy on Related Party Transaction, as amended from time to time
- 5) **"LODR"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.
- 6) **Arm's Length Basis:** Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non- related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.
- 7) **"Key Managerial Personnel"** means Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.
- 8) **"Material Related Party Transaction"** means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such limits as may be prescribed either in the Companies Act, 2013 or the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015, as amended from time to time whichever is stricter.

Notwithstanding the above, a 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 5(five) percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

- 9) **"Material Modification"** shall mean and include any modification to an existing Related Party Transaction having variance of 20% or more of the transaction value as approved by the Audit Committee/Board/shareholders as the case may be.
- 10) **"Related Party"** means a related party as defined under the Companies Act, 2013 read with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Indian Accounting Standards, as amended from time to time.
- 11) **"Related Party Transaction"** means a transaction involving a transfer of resources, services or obligations between-:
 - (a) the Company/ any of its subsidiaries on one hand and Related Party of the Company/any of its subsidiaries on the other hand; or

- (b) the Company/any of its subsidiaries on one hand and any other person/entity on the other hand with a purpose and effect of which is to benefit a Related Party of the Company/any of

its subsidiaries for transfer of resources, services or obligations, regardless of whether a price is charged and includes but not limited to the following: –

- 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 the purchase or sale of goods, materials, services or property;
- F. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- G. Underwriting the subscription of any securities or derivatives thereof, of the Company;
- H. Financing (including loans and equity contributions in cash or kind);
- I. Providing or obtaining guarantees and collaterals; and
- J. Deputation of employees.

(The points set forth above is an indicative list and not an exhaustive one).

Provided that the following shall not be a related party transaction:

- a) 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;
- b) the following corporate actions 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.
- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board;
- d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:
Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.
- e) retail purchases from any listed entity or its subsidiary by its Directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/ offered to all employees and Directors:

12) “Relative” means a relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- Members of a Hindu undivided family;
- Husband or wife;
- Father (including step-father);
- Mother (including step-mother);

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- Son (including step-son);
- Son's wife;
- Daughter;
- Daughter's husband;
- Brother (including step-brother); or
- Sister (including step-sister).

13) “**Transaction**” with a related party shall be construed to include a single transaction or a group of transactions.

14) The terms Director and Key Managerial Personnel shall have the same meaning as assigned under the Companies Act, 2013.

15) Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereof, Indian Accounting Standards; and or any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

4. POLICY

The Members of the Audit Committee of the Company, who are Independent Directors shall review and approve all Related Party Transactions and Material Modifications based on this Policy.

- 1)** All proposed Related Party Transactions and Material Modifications must be reported to the Audit Committee for its prior approval in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the ordinary course of business of the Company, the Committee may grant standing pre –approval/ omnibus approval, details whereof are given in a separate section of this Policy.
- 2)** In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

- 1)** All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction may remain present in the meeting but shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not and shall not be counted in determining the presence of a quorum when such transaction is considered.

6. CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

- 1)** While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.
- 2)** Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:
 - Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
 - The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
 - Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- 3)** While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

7. APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

- 1)** In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

8. APPROVAL BY 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 shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

9. STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

- 1)** In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:
 - Name of the related party;
 - Nature of the transaction;
 - Period of the transaction;
 - Maximum amount of the transactions that can be entered into;
 - Indicative base price / current contracted price and formula for variation in price, if any; and
 - Such other conditions as the Audit Committee may deem fit.
- 2)** Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee. The 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, if any.
- 3)** The omnibus approval shall be valid for a period of one year.

10. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

- 1)** All Material Related Party Transactions and its subsequent Material Modification shall require prior approval of the Audit Committee and shareholders 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 subject to following Condition.
 - A. the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions
 - B. a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
 - C. a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary
 - D. prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary
 - E. remuneration and sitting fees paid by the listed entity or its subsidiary 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 provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

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- F. 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) of this regulation;
 - 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) of this regulation;
 - v) Any Other Condition as may have specified by Board

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 authorized by any other Director, the Director(s) concerned shall indemnify the listed entity against the loss incurred by it.

11. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- Any transaction involving the providing of compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

12. TRANSACTIONS NOT IN THE ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through resolution and the Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

13. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

- 1)** In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.
- 2)** The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee may deem appropriate under the circumstances.

14. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

- 1)** Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders as per laws. The Company Secretary / Compliance Officer shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.
- 2)** The Company shall disclose to the stock exchange along with the compliance report on corporate governance on a quarterly basis details of all material transactions with Related Parties.
- 3)** The Company shall submit within prescribed time under the SEBI Listing Regulation from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- 4)** Director's report shall contain details of Related Party Transactions as required under the Act and Regulation 23 of the SEBI Listing Regulations.

15. LIMITATION

- 1)** In the event of any conflict between the provisions of this Policy and of the LODR /Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI Listing Regulation / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

16. DISSEMINATION OF POLICY

- 1)** Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on website of the Company and web link thereto shall be provided in the annual report of the Company.

17. REVIEW OF POLICY

- 1)** The Board of Directors of the Company shall review and update the Policy once in three Year or within such period as mandated by any regulatory amendments.
- 2)** The Board of Directors may in their discretion and on recommendation of the Audit Committee, make any changes/modifications and/or amendments to this Policy from time to time.

18. PENALTY FOR NON ADHERENCE OF THE CLAUSES OF THE POLICY

Non – Adherence to any of the Clause as mentioned in this Policy will attract penalty of twenty- five thousand rupees and which may extend to five lakh rupees as prescribed under Section 188 of the Companies Act, 2013, and a penalty of one lakh rupees which may extend to one crore rupees as prescribed under Section 15 HB of SEBI Act, 1992.

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