



**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS
AND DEALING WITH RELATED PARTY TRANSACTIONS
OF
ALLIED BLENDERS AND DISTILLERS LIMITED
(CIN: L15511MH2008PLC187368)**

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS (“POLICY”)

1. Introduction

The Board of Directors (“Board”) of Allied Blenders and Distillers Limited (“ABDL” or “Company”) has adopted this **Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions** (“the Policy/policy”) upon the recommendation of the Audit Committee and the said Policy includes materiality threshold of Related Party Transactions and dealing with Related Party Transactions.

This Policy has been formulated in accordance with Reg. 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI Listing Regulations”) read with the provisions of Section 177 and 188 of the Companies Act, 2013 (“the Act”) & relevant rules made thereunder as amended from time to time to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Policy Objective

The Company recognizes that Related Party Transactions (“RPT”) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the best interest of the Company and its Shareholders’. This policy is framed primarily to ensure the governance and reporting of transactions between the Company and its Related Parties. The policy is also prepared for the identification and regulation of the RPTs keeping in view the provisions of the Act read with the rules made thereunder and SEBI Listing Regulations.

3. Definitions

- a) **“Audit Committee”** means “Audit Committee” constituted by the Board of Directors of the Company from time to time under the provisions of the Act and SEBI Listing Regulations.
- b) **“Board of Directors”** means the “Board of Directors” of Allied Blenders and Distillers Limited.
- c) **“Company”** means Allied Blenders and Distillers Limited.
- d) **“Key Managerial Personnel”** means “Key Managerial Personnel” as defined under the Act and the rules made thereunder.
- e) **“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.
- f) **“Material Modification”** as defined by the Audit Committee in terms of SEBI Listing Regulations means any subsequent modification(s) to an approved related party transaction(s) which individually or taken together with previously approved transactions with the same related party in a Financial Year resulting into change in pricing, quantity or overall transaction value having a variance of 50% (fifty percent) or more.
- g) **“Material Related Party Transaction”** means the following transactions:

A transaction with a related party, if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of the SEBI Listing Regulations. Notwithstanding the above, a transaction involving payments made to related party with respect to brand usage or royalty shall be considered material, if the transactions to be entered into individually or taken together with the previous transactions during a financial year exceeds 5% of the annual consolidated turnover of the Company as per the last Audited Financial Statement of the Company.

A Transaction with Related Party, if the Transaction/Transactions to be entered into individually or taken together with previous transactions during a Financial Year which is not in ordinary course of business or not on arm’s length basis, exceeds the limit prescribed under the Act and rules made thereunder.

- h) **“Ordinary course of business”** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per its Memorandum & Articles of Association.

- i) **“Policy”** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.
- j) **“Related Party”** means a Related Party as defined under the Act or rules made thereunder and SEBI Listing Regulations.
- k) **“Related Party Transaction”** means such transactions as specified under Section 188 of the Act or rules made thereunder and Regulation 2(1)(zc) & 23 of SEBI Listing Regulations including any amendment or modification thereof, as may be applicable. (“RPT”).
- l) **“Relative** means a relative as defined under the Act and SEBI Regulations.
- m) **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Act or the SEBI Listing Regulations or Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulations, from time to time.

4. Policy

All RPTs must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy, whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder

a) Disclosure by Directors and KMP's

- i. Every year, the Directors shall provide declaration to the Company Secretary his concern or interest in any Company or Companies or bodies corporate, firms, or other association of individuals in the format prescribed under the Companies Act, 2013.
- ii. The declarations will be updated by the Directors, in case of any change and intimated to the Company Secretary for placing before the Board of Directors.
- iii. Any individual appointed as director or KMP shall provide declaration to the Company Secretary in the following format.

Every KMP of the Company will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Firm(s) in which he / she or his / her Relative is a partner;
3. He/ She will not cause or solicit any person or entity to enter into any transaction with the Company or any of its subsidiaries the purpose and effect of which is / will be to benefit him/her and/or any other person who is a related party of the Company and/or its subsidiaries through him/her.
4. In case, he/she comes to know of any transaction entered into by any person or entity with the Company and/or its subsidiaries, the purpose and effect of which is to benefit him/her and/or any other person who is a Related Party of the Company and/or its subsidiaries through him/her, he/she shall immediately inform the Company and/or the concerned subsidiary of the Company, of such transaction and declare his/her interest or concern therein.
5. He/ She confirm and undertake that they have not entered into any agreement with any shareholder, promoter, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or any of its subsidiary or associate company or with the Company or with any third party whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, whether or not the Company is a party to such agreement(s).
6. In case he/she enter into any such agreement or in case there is any rescission, amendment or alteration of such agreement, he/she shall immediately inform the Company about entering into such agreement or about any recession, amendment or alteration to such agreement.

Every Director, KMP, Senior Management Personnel (“SMP”) authorized to enter into contracts/ arrangements will be responsible for providing prior notice to the Company Secretary of any potential RPT. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

b) Disclosure by Promoters

Further, the Promoter(s) or any person or entity forming a part of Promoter or Promoter group of the Company will be responsible for providing a declaration containing the following information on annual basis and whenever there is a change in the information provided:

1. Name (former name), address and contact details;
2. PAN number or CIN number or registration number.

Further, every Director, KMP, Promoter, Promoter Group or any other person dealing with the Company shall disclose to the Company all information that is relevant and necessary for the Company to ensure compliance with the applicable laws, from time to time.

c) Identification of Potential RPTs

Each Director and KMP is responsible for providing notice to the Company of any potential RPT, if not given already in the first Board Meeting of the financial year, involving him/her or his/ her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee/ Board. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy.

The Directors and KMPs will ensure that their notice of any potential RPT is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

d) Review and Approval of RPTs

i. Audit Committee

All RPTs shall require prior approval of the Audit Committee. The Company shall provide the audit Committee with the information as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders’ for approval of related party transaction” while placing any proposal for review and approval of RPT, which shall be effective as and when notified.

However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy on RPTs of the Company and such approval shall be applicable in respect of Transactions which are repetitive in nature;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- Such omnibus approval shall specify the factors as specified under Rule 6(a) of the Companies (Meetings of Board and its Powers) Rules, 2014 along with the applicable SEBI Circular and Industry Standard Forum (“ISF”).

Provided that where the need for RPT 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.

- 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.
- Such omnibus approvals shall be valid for a period not exceeding One Financial Year and shall require fresh approvals after the expiry of One Financial Year.

- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- A RPT entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification, if appropriate.
- The RPT above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, where the Company is not a party, but the Company's Subsidiary is a party, shall require prior approval of the Audit Committee, if the value of such transaction exceeds the lower of the thresholds as prescribed under the clause (b) of sub regulation (2) of Regulation 23 SEBI Listing Regulations.
- In the event, the RPT above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, where the Company is not a party, but the Company's Subsidiary is a party and such Subsidiary does not have Audited Financial Statements for a period of at least one year. shall require prior approval of the Audit Committee, if the value of such transaction exceeds the lower of the thresholds as prescribed under the clause (c) of sub regulation (2) of Regulation 23 SEBI Listing Regulations.
- The 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 the Related Party Transaction is not material and does not include material modification and to which the provisions of Corporate Governance does not apply.
- The Members of the Audit Committee, who are Independent Directors, may ratify RPTs within a period of 3 months from the date of transaction or in the immediate next Meeting of the Audit Committee, whichever is earlier, subject to the conditions as specified under the SEBI Listing Regulations.

In determining whether to approve an RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT:

- Whether the terms of the RPT are fair and on arm's length basis to the Company.
- Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- Whether the RPTs are entered in the past;
- Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Any other factor the Audit Committee deems relevant for reviewing and approving such RPT.

ii. Board of Directors

The Board shall consider and approve the RPT as required to be approved under the Act or rules made thereunder and/or SEBI Regulations and/or transactions referred to it by the Audit Committee which are not in the ordinary course of business or are not at Arm's Length Basis.

iii. Shareholders' Approval

All the Material RPTs shall require approval of the Shareholders' (unless exempted pursuant to SEBI Listing Regulations and the Act).

The Notice being sent to the Shareholders' seeking approval for any RPT shall, in addition to the requirements under the Act, include the information as part of the Explanatory Statement as specified in the Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders' for approval of Related Party Transactions" which shall be effective as and when notified.

All Material Related Party Transactions and subsequent Material Modifications as defined by the Audit Committee shall require prior approval of the Shareholders' through resolution and no related party

shall vote to approve such Resolutions whether the entity is a Related Party to the particular transaction or not.

Provided that prior approval of the Shareholders' of a 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 the SEBI Listing Regulations are applicable to such Listed Subsidiary.

The transactions which fall under Section 188 of the Act which are not in the Ordinary Course of Business and / or not an Arms' length basis and which exceeds the threshold limits prescribed under the rules made thereunder, shall require approval of the Shareholders'.

The provisions of Regulation 23(2), (3) and (4) of the SEBI Listing Regulations shall not be applicable in case of following transactions entered into between a Holding Company and its Wholly Owned Subsidiary and between two Wholly Owned Subsidiaries of the Listed Entities, whose accounts are consolidated with such Holding Company and placed before the Shareholders' at the General Meeting for approval.

Provided that the requirement under this point shall not apply in respect of Resolution Plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the Recognized Stock Exchanges within one day of Resolution Plan being approved.

Validity of Shareholders' Approvals

- i. The omnibus approval granted by the Shareholders' for Material Related Party Transactions in an Annual General Meeting shall be valid till the date of the next Annual General Meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time
- ii. In case of omnibus approvals for Material Related Party Transactions, granted by Shareholders' in General Meetings other than Annual General Meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

iv. Decision regarding transaction in the ordinary course of business and at arm/s length basis:

The Audit Committee or the Board shall, in respect of the RPTs referred to them for approval and after considering the matter placed before them, shall judge if the transaction is the ordinary course of business and at Arm's Length Basis. In case the Audit Committee is not able to arrive at such a decision, it may seek advice from any outside specialist(s) / professional(s) from the relevant field in helping them to arrive at a decision.

In case there is still no consensus amongst the Audit Committee Members, the matter then shall be referred to the Board, which shall decide if the transaction is the ordinary course of business and at Arm's Length Basis.

5. RPTs not approved under this Policy

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the Shareholders', payment of compensation for the loss suffered by the Company etc. In connection with any review of a RPT, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

6. Review/Amendment(s)

The Board of Directors may review or amend this policy, in whole or in part, from time to time, at least once in every three years, after taking into account the recommendations from the Audit Committee.

7. Disclosures

- a. Board's Report shall contain details of RPTs as required under applicable law.
- b. Details of all Material Transactions with Related Parties shall be disclosed quarterly along with the Compliance Report on Corporate Governance.
- c. The Company shall disclose the Policy on dealing with RPTs on its Website and a Web link thereto shall be provided in the Annual Report.
- d. A Register of RPTs shall be maintained as per the Act and placed before the next Board Meeting and signed by all the Directors present at the Meeting, as and when required.
- e. The Company shall disclose to the Stock Exchange every six months the RPT as a part of Integrated filing (financials) within such time and in the format as prescribed as per the SEBI Circulars/ Master Circulars.

8. Interpretation

In the event of any conflict between the provisions of this Policy and the Act or SEBI Listing Regulations or any other statutory enactments/ rules, the provisions of such Act or SEBI Listing Regulations or statutory enactments shall prevail over this Policy.