



BRITANNIA INDUSTRIES LIMITED

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

(Adopted on 1st October, 2014 and Amended with effect from 1st April, 2019)

BRITANNIA INDUSTRIES LIMITED

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

1. OBJECTIVE OF THE POLICY

Related Party Transactions (“RPTs”) can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Related party transactions are governed by the Companies Act, 2013 (“Act”) read with the Rules framed there under, applicable accounting standards and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”),

The Policy is intended to ensure timely identification of an RPT, its salient terms and conditions, detail the approval process, outline the disclosure and reporting requirements thereof and to ensure transparency in the conduct of RPT’s, so that there is no conflict of interest.

SEBI Listing Regulations, 2015 has mandated every listed company to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

Accordingly, the Company has framed this Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

2. TERMS AND REFERENCES

Terms referred in this Policy shall have the same meaning as defined in the Act and SEBI Listing Regulations, 2015 respectively as assigned to them in the said Act or Regulations or any statutory modifications or re-enactment thereto, as the case may be.

3. MATERIALITY OF RELATED PARTY TRANSACTIONS

SEBI Listing Regulations, 2015 require a Company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a resolution.

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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such sum as may be prescribed under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modifications or re-enactment thereof.

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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such sum as may be prescribed under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modifications or re-enactment thereof.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a. Identification of related parties

The Company shall identify Related Parties as per the definition provided in the applicable laws and regulations, including the Act and the SEBI Listing Regulations, 2015 as amended from time to time.

b. Procedure for approval of Related Party transactions

The Audit Committee, Board and shareholders, as the case may be shall be provided with all relevant information of RPTs such as rational for entering into transactions, terms & conditions, the business purpose of the transactions, the benefits to the Company and Related Party and such other information as may be prescribed under applicable laws.

c. Approval by the Audit Committee

All related party transactions shall require the prior approval of the Audit Committee of the Board. However, the Company may obtain omnibus approval from the Audit Committee for related party transactions proposed to be entered into by the Company subject to and in the compliance with the Act and Rules made thereunder and SEBI Listing Regulations, 2015 and any statutory modifications or re-enactment thereof.

d. Approval by the Board of Directors

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval after prior approval is accorded by the Audit Committee.

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.

e. Approval of RPTs by the Shareholders

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 3 of the Policy, are placed before the shareholders for approval subject to and in accordance with the relevant provisions of the applicable laws including the Act and Listing Regulations and all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or are not at arm's length basis; and (b) exceed the thresholds as mentioned in **Annexure – A** of this policy and laid down in the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time, are placed before the shareholders for its approval.

Requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary, if any, whose accounts are consolidated with the company.

f. RPTs not approved by the Audit Committee or the Board

In the event of the contract entered into without the prior approval of Board or shareholder, due to extreme necessity the same shall be ratified by the Board, and/or shareholders, as required within 3 months of the entering into the contract. If not, the contract / arrangement shall be voidable at the option of the Board.

g. Disclosures by the Company:

- (a) The particulars of contracts or arrangement with Related Parties will be disclosed in the Register of Contracts or Arrangements in which directors are interested (refer Rule 16 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and in the Directors' report in Form AOC-2, in the manner prescribed in the Companies Act, 2013 and the Rules thereunder.
- (b) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance and the company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

h. Amendment of this Policy

The Policy shall be reviewed by the Board of Directors at least once in every 3 years or as and when required.

Annexure – A

Threshold Limits as laid down in the Companies (Meetings of Board and its Powers)

Rules, 2014

Sr. No.	Transaction	Threshold Limits
1.	sale, purchase or supply of any goods or material, directly or through appointment of agent,	Amounting to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower.
2.	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent,	Amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower.
3.	Leasing of property of any kind	amounting to ten percent or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower
4.	availing or rendering of any services, directly or through appointment of agent,	amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower
5.	appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration up to two and a half lakh rupees.
6.	remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	one percent of the net worth.

Note: It is hereby clarified that the limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.