



**FLEX FOODS LIMITED**  
**POLICY ON RELATED PARTY TRANSACTIONS**  
**(As Amended and Effective from 31<sup>st</sup> January, 2025)**

## 1. INTRODUCTION

The Board of Directors (the “Board”) of Flex Foods Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and recommend to the Board of Directors of the Company for their consideration and approval, any amendments to the policy, if required, from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also provides for materiality of related party transactions.

## 2. PURPOSE

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] (“Listing Regulations”) and in terms of Section 177, 188 and other applicable provisions, if any, of the Companies Act, 2013 and primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

## 3. DEFINITIONS

“Act” means the Companies Act, 2013 (‘Act’) read with the Rules, circulars, notifications thereto including any subsequent amendments thereto.

‘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.

“Audit Committee or Committee” means the “Audit Committee” constituted by the Board of Directors of the Company under provisions of Listing Regulations, and the Companies Act, 2013, as amended.

“Board of Director” or “Board” means the Board of Directors of Flex Foods Limited, as constituted from time to time.

“Key Managerial Personnel” or “Key Management Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made there under read with the provisions under Listing Regulations and appointed by Flex Foods Limited from time to time.

“Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereto.

“Material Related Party Transactions” shall have the meaning ascribed under Listing Regulations and shall mean a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds:

- a) Rs. 1000 Cr. or
- b) 10% percent of the annual consolidated turnover of the company, whichever is lower as per the last audited financial statements of the company or such as may be prescribed under Listing Regulations, as may be amended from time to time.

Further, 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material modifications” in relation to a Related Party Transaction approved by the Audit Committee or a material related party transaction approved by the Shareholders, as the case may be, means any variation having an impact on the monetary limits already approved by the Audit Committee or the Shareholders, as the case may be, exceeding 20% of transactions, in each case, over and above the approved limits.

‘Ordinary Course of Business’ means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and incidental or allied activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and the Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“Policy” means Related Party Transaction Policy.

“Related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 and regulation 23 read with regulation 2(1)(zb) of Listing Regulations, as amended from time to time.

“Related Party Transaction” “RPT” means a transaction as defined under the Act and Regulation 23 read with regulation 2(1)(zc) of the Listing Regulations as amended from time to time.

“**Relatives**”: “Relative”, with reference to any person, means relative as defined under section 2(77) of the Companies Act, 2013 as amended from time to time.

#### **4. POLICY**

All Related Party Transactions and any subsequent material modifications thereto must be reported to the Audit Committee for its approval in accordance with this Policy. However,

the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company.

The Audit Committee shall also approve Related Party Transactions where any subsidiary of the Company, if any is a party and the Company is not a party and where transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the Annual standalone turnover, as per the last audited financial statements of the subsidiary, if any w.e.f. 1<sup>st</sup> April, 2023.

#### **4.1. Identification of Potential Related Party Transactions**

Each Director and the Senior Managerial Personnel is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest, and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Any employee of the company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee Company through the Company Secretary.

#### **4.2. Review and Approval of Related Party Transactions**

Every Related Party Transaction(s) shall be subject to prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

Provided however that 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 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 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) of the Listing Regulations.
- (v) any other condition as 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 it.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ii. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Whether the related party transaction would present an improper 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 Management Personnel or the other related party, the direct or indirect nature of the director(s) Key Management Personnel or other related party interest in the transaction and the ongoing nature of any proposed relationship and any other factors the board/ committee deems relevant.

#### **4.3. Decision regarding transaction in ordinary course of business and on arm's length basis**

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is the ordinary course of business or at an arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business or at arm's length basis.

#### **4.4. Approval of Material Related Party Transaction**

All the Material Related Party Transactions and any subsequent material modifications thereto, shall require 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 the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

All the Transactions, other than the Material Related Party Transaction or Material Modifications thereto, with the related parties which are not in the Ordinary Course of Business and at Arms' Length Basis and exceeding the thresholds prescribed under the Act and Rules framed thereunder shall also require the approval of Board of Directors and 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.

## **5. Exempted Related Party Transactions**

- (i) The approval of the Audit Committee or the Shareholders shall not be required for the related party transactions between:
  - a. Company and wholly owned subsidiary; or
  - b. two wholly owned subsidiaries of the Company, whose accounts are consolidated with such Company and placed before the shareholders at the general meeting for approval.
- (ii) 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;
- (iii) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - a. payment of dividend;
  - b. subdivision or consolidation of securities
  - c. issuance of securities by way of a rights issue or a bonus issue; and
  - d. buy-back of securities
- (iv) 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 provided that the same is not material in terms of Regulation 23 of the Listing Regulations;
- (v) Transactions involving corporate restructuring, such as buy back of shares, capital reduction, merger, demerger, hive-off, approved by the, Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations.
- (vi) Retail purchases from the Company or its subsidiary(ies), if any by Directors, employees without establishing business relationships and at the terms which are uniformly applicable/offered to all employees and Directors.

This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the Company at [www.flexfoodsltd.com](http://www.flexfoodsltd.com).

## **6. Amendments of the Policy**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

**This policy (including the thresholds) shall be reviewed by the Board of Directors at least once in three years and/or as and when required and updated accordingly.**

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