DESI FARMS INDIA LIMITED

RELATED PARTY TRANSACTION POLICY

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1. INTRODUCTION AND OBJECTIVE

The Related Party Transaction Policy is made to monitor the Related Party Transactions by the Company and its subsidiaries with Related Parties.

2. REGULATORY FRAMEWORK

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**"), ISN and in terms of Section 188 of the Companies Act, 2013 and is intended comply with the requirements of requisite approvals, disclosures and reporting of transactions between the Company and its Related Parties.

3. DEFINITIONS

"**Act**" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

"**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. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

"**Audit Committee or Committee**" means "Audit Committee" constituted by the Board of Directors of the Company under provisions of Listing Regulations and Companies Act, 2013 as amended from time to time.

"**Listing Regulations**" shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

"**Associate Company**" means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause "significant influence" means control of at least 20% of total share capital, or business decisions under an agreement.

"**Board of Directors**" or "**Board**" means the Board of Directors of the Company, as constituted from time to time.

"**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"ISN" means Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions", including any modification(s) / amendment(s) / re-enactment(s) thereof.

"**Material Related Party Transaction**" in terms of Listing Regulations means a transaction(s) to be entered into with a Related Party, individually or taken together with previous transactions during a financial year exceeds the following:

Consolidated Turnover of Listed Entity	Threshold
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the Company
(II) More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the Company above Rs. 20,000 Crore

(III) More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the Company above Rs. 40,000 Crore or Rs. 5,000 Crores, whichever is lower

Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements

"**Material Modification**" in terms of Listing Regulations means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

"**Policy**" means Related Party Transaction Policy.

"**Related Party**" means related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards:

The following shall also be treated as the Related Party –

a) all persons or entities forming part of promoter or promoter group irrespective of their shareholding;

b) any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
   i. to the extent of 20 % or more
   ii. to the extent of 10% or more with effect from April 1, 2023

"Related party transaction" or "**transaction"** or "**RPT"** means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April1, 2023;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

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 the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

"**Relative**" shall mean "relative" as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Companies Act, 2013 and the Rules thereunder and the Listing Regulations, as amended from time to time.

4. POLICY AND PROCEDURE

A. Identification of Related Parties

a. The Company shall identify Related Parties (including those of its subsidiaries), as per requirement of Companies Act, 2013 and SEBI LODR and keep the related party list updated from time to time;

b. Every director, key managerial personnel (KMPs) and promoters shall at the beginning of the financial year provide information by way of written notice to the company regarding their concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors, KMPs and promoters are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy. Every director, KMP and promoter shall also be required to immediately intimate (within not more than 7 days) to the Company Secretary, any change (addition or deletion) to previously provided disclosure of concern or interest in any entity or list of relatives.

c. The identified Related Parties shall be tagged in SAP or equivalent accounting system of the Company or its subsidiaries.

d. Further, before any new vendor/ customer is onboarded into the SAP or equivalent system of the Company or its subsidiaries, as a part of vendor/ customer due diligence process, it shall

also be checked from (i) the list of related parties so prepared and (ii) the promoter group, whether the new vendor/ customer is a related party and if so, it shall be tagged as Related Party in the system.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel / Promoters as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Companies Act, 2013 and the rules thereunder and SEBI LODR as amended from time to time.

B. <u>Transaction required prior approval of Audit Committee:</u>

Prior approval of the Audit committee shall be required for:

a. All Related Party Transactions and subsequent Material Modifications;

b. A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction, exceeds the lower of the following:

(i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or

(ii) the threshold for Material Related Party Transaction of the Company.

c. In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

i. ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or

ii. the threshold for Material Related Party Transactions of the Company.

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

Provided that prior approval of the Audit Committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

C. <u>Review and approval of Related Party Transaction by Audit Committee</u>

Only those Members of the audit committee, who are independent directors, shall approve related party transactions.

- For the purposes of ascertaining whether a Related Party Transaction is on an arm's length basis or not, the definition of arm's length transaction as expressed in Section 188 of the Companies Act, 2013 shall be applicable.

- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of the conditions contained in the Companies Act, 2013 and Listing Regulations as amended from time to time.

- The Company shall while placing the proposed Related Party Transaction before the Committee for its approval, place the information in the format specified in the ISN and such other information may be called for by the Audit Committee.

  The ISN shall not be applicable to:

  a) Transactions exempted under Regulation 23(5) of the LODR Regulations; and

  b) Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of SEBI LODR Regulations.

  c) Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) do not exceed rupees one crore.

  The omnibus approval shall be valid for a period of one year from the date of approval.

  Where the need for related party transaction(s) cannot be foreseen and specific details are not available, audit committee may grant omnibus approval for such transaction(s), subject to value of such transactions not exceeding rupees one crore per transaction.

- The audit committee shall also review at least on a quarterly basis the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

D. <u>Ratification of Transactions by Audit Committee:</u>

Notwithstanding anything to the contrary in this Policy, 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 Regulation 23(1) of SEBI LODR;

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 Regulation 23(9) of SEBI LODR;

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 party related to any

director, key managerial personnel and promoters, or is authorised by any other director, key managerial personnel and promoters, the concerned director, key managerial personnel and promoters shall indemnify the Company against any loss incurred by it.

E. Approval of the Board and the Shareholders

- All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such RPT.

  Further, all related party transactions which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed in section 188 of the Act as amended from time to time shall also require prior approval of shareholders of the Company by way of Ordinary Resolution 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.

  Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI LODR, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.

- All the Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Board and shareholders through Ordinary 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 shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if Regulation 23 and 15(2) of SEBI LODR are applicable to such listed subsidiary.

  Provided further that the aforesaid requirements 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.

F. Others

- If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.

- Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

- To review proposed RPTs placed before the Committee for approval along with the information in the format specified in the ISN.

- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders, as per terms of this Policy.

- The Related Party Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval, shall not require approval of the audit committee, board or shareholders.

- The provisions pertaining to:

    a. Prior approval of the Audit Committee for all RPTs;

    b. Omnibus approval for RPTs; and

    c. Prior approval of audit committee, board or shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

6. POLICY REVIEW

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI (LODR) or any other regulations which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification in the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

7. DISCLAIMER

In any circumstances, where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the newly enacted law, rule, regulation or standard will take precedence over this Policy until such time the Policy is changed to conform to the Law, rule, regulation or standard.

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