

REI AGRO LIMITED
RELATED PARTY TRANSACTION POLICY

1. Introduction

REI Agro Limited ("the Company") has always been committed to good Corporate Governance practice. Further, Clause 49 (VII) of the Listing Agreement requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, REI Agro Limited has framed this Policy on Related Party Transactions ("Policy").

The Board of Directors has adopted this Policy with regards to Related Party Transactions ("RPT") upon recommendation of the Audit Committee. The Policy includes materiality thresholds and the manner of dealing with Related Party Transactions ("the Policy") in compliance with the requirement of Section 188 of the Companies Act, 2013 read with Rules made there under (hereinafter referred to as "the Act") and Clause 49 of the Listing Agreement and subsequent amendment thereto (hereinafter referred to as "Clause 49"). Amendment to the Policy from time to time shall be considered by the Board of Directors on the recommendation of the Audit Committee.

2. Objective

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

3. Definitions:

- a) **"Act"** means Companies Act, 2013 and Rules framed there under including any modification(s), amendment(s), clarification(s), circulars, re-enactments thereof.
- b) **"Arm's Length Transactions"** means a transaction between two Related Parties that is conducted as if they were unrelated so that there is no conflict of interest.
- c) **"Audit Committee"** means committee of Board of Directors of the Company.
- d) **"Material Related Party Transaction"** means any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- e) **"Related Party"** with reference to the company shall have the same meaning as defined in section 2(76) of the Act read with Clause 49 of the Listing Agreement.
- f) **"Related Party Transaction"** means any transaction involving transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and also includes the transactions as defined under Section 188 of the Companies Act, 2013.

g) Any other term(s) not defined herein shall have the same meaning as defined in the Companies Act, 2013 and Listing Agreement.

4. Manner of dealing with Related Party Transaction(s):

a) Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of Related Parties as prescribed under Section 2(76) of the Act and Clause 49 of the Listing Agreement.

b) Identification of Related Party Transactions

The Company has formulated the guidelines for identification of Related Party Transactions in accordance with Section 188 of the Act and Clause 49 of the Listing Agreement. The Company has devised a process for determining whether the transaction is in Ordinary Course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

c) Procedure for approval of Related Party Transactions

Approval of Audit Committee:

All RPT's require prior approval of Audit Committee.

Omnibus Approval by Audit Committee:

The Audit Committee may grant omnibus approval for RPT's proposed to be entered into by the Company subject to following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with Policy on RPT's of the Company and such approval shall be applicable in respect of repetitive transactions.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interests of the Company.
- c) Such omnibus approval shall specify
 - the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - the indicative base price / current contracted price and the formula for variation in the price if any and
 - such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction 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.

- d) The omnibus approval shall be valid for a period of one year and shall require fresh approval after the expiry of one year.

- e) The Audit Committee shall review at least on quarterly basis the details of RPT's entered into by the Company pursuant to each of the omnibus approval given.

Approval of Board of Directors of the Company:

As per the provision of section 188 of the Companies Act, 2013, all transactions with Related Parties as defined under the Companies Act, 2013 which are either not in the Ordinary Course of business or are not at Arm's Length shall require prior approval of Board of Directors.

Approval of Shareholders

Transaction with Related Parties covered within the scope of Section 188 of the Act, which are either not in the ordinary course of business or not on 'arm's length basis and exceeds the threshold under section 188 of the Act and all the material related party transactions as defined under Clause 49 of the Listing Agreement shall require prior approval of the shareholders.

Provided that the requirement for seeking shareholders' and audit committees' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Further, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

5. Related party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the transaction shall be placed as promptly as practicable but not after three months from the date on which such contract or arrangement was entered into before the Board of Directors or the Shareholders as the case may be. The Board of Directors or the shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company and the Company shall take such actions as Audit Committee deems appropriate under the circumstances.

6. Disclosure

The Company shall disclose, in the Board's report, transactions prescribed in Section 188 of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

In addition to the above, Company shall also provide details of all the material related party transactions on a quarterly basis to the stock exchanges.

7. Amendment to Law

Any subsequent amendment / modification in the Listing Agreement, Act and all other applicable laws in this regard shall automatically apply to this Policy.