



RELATED PARTY TRANSACTIONS POLICY
RADICO KHAITAN LIMITED

1. Preamble

The Board of Directors (the “Board”) of Radico Khaitan Limited (the “Company” or “RKL”), has adopted the following policy and procedures with regard to Related Party Transactions (“RPTs”) as defined below.

2. Purpose

This policy is prepared in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘Listing Regulations’) as amended and Section 177 and 188 of the Companies Act, 2013 (the ‘Act’) read with the Rules made thereunder.

Regulation 23(1) of the Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

3. Objective of the Policy

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, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company

4. Definitions

4.1 “Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations .

4.2 “Board” means Board of Directors of the Company

4.3 “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

4.4 “Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and 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.

4.5 “Key Managerial Personnel” means key managerial personnel as defined under the Act and includes

- (i) Managing Director / Chief Executive Officer / Whole Time Director;
- (ii) Chief Financial Officer; and
- (ii) Company Secretary.

4.6 “Material Related Party Transaction” means 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Pursuant to the provisions of Regulation 23(1A) of the Listing Regulations, 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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

4.7 “Policy” means this Related Party Transactions Policy.

4.8 “Related Party” and “Related Party Transactions” shall have the meanings ascribed to them under the Act and the Listing Regulations.

4.9 “Material Modification of a Related Party Transaction” - Modification of a Related Party Transaction shall be considered material if value of the modification exceeds 20% of the transaction value approved by the Committee.

Any term used but not defined in this Policy shall have the meaning assigned to it under the Act or the Listing Regulations.

5. Approvals and Review

I. Audit Committee

All RPTs in which the Company is a party and including any modification/ renewal thereof shall require prior approval of the Audit Committee (the ‘Committee’). Also, material modifications in RPTs in which the Company is not a party but a subsidiary of a Company is a party shall require prior approval of the Committee.

- A. The Committee shall grant omnibus approval for RPTs proposed to be entered into by the Company, subject to the following conditions:
 - (i) The proposed RPTs are repetitive in nature and the Committee is satisfied that such omnibus approval is in the interest of the Company;
 - (ii) Omnibus approval shall be granted for RPTs which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the

Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.

- (iii) RPTs which cannot be foreseen and where the details prescribed in the criteria for seeking omnibus approval are not available, the Committee may grant omnibus approval upto Rs. 1 crore per transaction.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

B. RPTs of Subsidiary company(ies):

- a. Effective from April 1, 2022, RPTs to which subsidiary company(ies) is/are party(ies) and to which Company is not a party shall also require prior approval of the Committee, if the value of such transactions whether entered into individually or taken together with the previous transactions during the financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- b. Effective from April 1, 2023, RPTs to which subsidiary company(ies) is/are party(ies) to which Company is not a party shall also require prior approval of the Committee, if the value of such transactions whether entered into individually or taken together with the previous transactions during the financial year exceeds 10% of the annual standalone turnover as per the last audited financial statements of the relevant subsidiary.

C. The Committee shall prescribe the following:

- a. Disclosures to be made to the Committee at the time of seeking approval for the proposed RPTs which shall be aligned to the format prescribed under the applicable laws;
- b. Periodicity of review of RPTs entered into by the Company pursuant to the omnibus approval;
- c. Transactions which shall not be allowed under the omnibus approval route; and
- d. All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Committee on quarterly basis. The Committee shall be informed whether the RPTs have been entered into in the ordinary course of business and on arm's length basis.

II. Board of Directors

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, The Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

III. Shareholders

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

The provisions of regulation 23(2), (3) and (4) of Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

6. Disclosures

- a) Particulars of RPTs shall be disclosed in such manner and within such timelines as prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.
- b) This Policy shall be disclosed on the Company's website www.radicokhaitan.com and a web link thereto shall be provided in the Annual Report of the Company.

7. Applicability, Review and / Amendment

Applicable provisions of the Companies Act, 2013 and Listing Regulations pertaining to Related Party Transactions and dealing with Related Party Transactions which are not specifically covered in this Policy shall be deemed to form part of this Policy.

The Board shall review the Policy at least once in every three years. The Board may amend, abrogate, modify or revise any or all provisions of this Policy on recommendations of the Audit Committee. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

This revised Policy shall be effective from April 1, 2022.