

PATANJALI FOODS LIMITED

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

*(Framed pursuant to Regulation 23 of the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015*

(Approved and revised by the Board of Directors at their meeting held on June 16, 2025)



PATANJALI FOODS LIMITED

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

Effective Date: January 17, 2020.

Revised on: March 31 2022 ; August 11, 2023 ; June 16, 2025

INDEX

S. No.	Contents	Page No.
1.	Introduction	3
2.	Objective of the Policy	3
3.	Definitions	3-4
4.	Standards for entering into Related Party Transaction(s)	4-5
5.	Manner of dealing with Related Party Transactions	5
6.	Review and approval of Related Party Transactions by Audit Committee	5-8
7.	Review and approval of Related Party Transactions by the Board	8-9
8.	Review and approval of Related Party Transactions by shareholders of the Company	9-10
9.	Escalation and Rectification Mechanism for non-compliant Related Party Transaction(s)	10
10.	Administrative measures	10
11.	Reporting & disclosures of Related Party Transactions	10
12.	Policy review and dissemination	10
13.	Implementation and Amendments	11



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

1 Introduction

- 1.1 The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires a company to adopt a policy on the materiality of Related Party Transaction(s) and on dealing with Related Party Transaction(s).
- 1.2 In view of the above requirement, the Board of Directors of Patanjali Foods Limited after considering the recommendation of the Audit Committee have adopted the policy on materiality of Related Party Transaction(s) and on dealing with Related Party Transaction(s) to ensure transparency, fairness, and high standards of corporate governance while dealing with Related Party(ies) of the Company.
- 1.3 This Policy shall be guided by the objective of ensuring compliance with the provisions pertaining to Related Party Transaction(s) in the Companies Act, 2013 and the Listing Regulations, as amended from time to time, including any circulars or notifications issued thereunder.

2 Objective of the Policy

- 2.1 The objective of this Policy is to set out:
 - (i) Materiality of Related Party Transaction(s); and
 - (ii) Manner of entering in and dealing with the Related Party Transaction(s) in accordance with the Act and Regulation 23 of the Listing Regulations, together with any circulars or notifications issued thereunder.
- 2.2 This Policy also *inter alia* lays down the process to be adopted by the Company for approval of the Related Party Transaction(s), including any Material Modification(s), along with the reporting & disclosure requirements thereof.

3 Definitions

In this Policy, unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Policy, shall have the meaning as defined below:

- 3.1 ‘**Act**’ means the Companies Act, 2013 read with the rules framed thereunder, including any modifications, amendments, clarifications, circulars or reenactments thereof.
- 3.2 ‘**Arm’s Length Transaction**’ or ‘**Arm’s Length Basis**’ or ‘**Arm’s Length**’ means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 3.3 ‘**Audit Committee**’ means Audit Committee of Board of Directors of the Company constituted under provisions of the Act and Listing Regulations.
- 3.4 ‘**Board of Directors**’ or ‘**Board**’ means Board of Directors of the Company as constituted from time to time.
- 3.5 ‘**Company**’ means Patanjali Foods Limited.



- 3.6 **‘Industry Standards’** means the Industry Standards, as formulated by Industry Standards Forum, in consultation with SEBI, in relation to the Related Party Transaction(s).
(For the removal of doubt, it is hereby clarified that, notwithstanding anything contained in the Policy, the provisions of Industry Standards, as referred in this Policy, shall be required to be adhered by the Company with effect from the date on which the Industry Standards shall be made applicable by SEBI)
- 3.7 **‘Listing Regulations’** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendments thereof.
- 3.8 **‘Material Modification(s)’** means any variation having an impact on the monetary limits already approved by the Audit Committee or shareholders, as the case may be, exceeding 20% of transaction value, in each case, over and above the approved limits.
- 3.9 **‘Material Related Party Transaction(s)’** means Related Party Transaction(s), which entered individually or taken together with previous transactions during a financial year, exceeds the limits of materiality, as prescribed under Regulation 23 of the Listing Regulations, including any statutory modifications or re-enactments thereof for time being in force.
- 3.10 **‘Policy’** means the Policy on materiality of Related Party Transaction(s) and on dealing with Related Party Transactions.
- 3.11 **‘Related Party(ies)’** means a related party as defined under the Act and/or Listing Regulations, including any statutory modifications or re-enactments thereof for time being in force.
- 3.12 **‘Related Party Transaction(s)’** means any transaction(s) that are classified as such under the Act read with the rules made thereunder and/or under the Listing Regulations, including any statutory modifications or re-enactments thereof for time being in force.
- 3.13 **‘Relative’** means relative as defined under sub-section (77) of section 2 of the Act read with the rules made thereunder, including any statutory modifications or re-enactments thereof for time being in force.
- 3.14 **‘SEBI’** means the Securities and Exchange Board of India.
- 3.15 **‘Specified Transaction(s)’** means the transaction(s) which has been specified under section 188(1) of the Act, including any statutory modifications or re-enactments thereof for time being in force.
- 3.16 **‘Stock Exchange’** means the stock exchange(s) where equity shares of the Company are listed.

All other words and expressions used but not defined in this Policy, but defined in the Act, the Listing Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4 Standards for entering into Related Party Transaction(s)

- 4.1 All Related Party Transaction(s) shall be entered on Arm’s Length Basis.
- 4.2 In exceptional circumstances, where permitted by law, Related Party Transaction(s) may deviate from the principle of Arm’s Length, subject to the approval of the Audit Committee, the Board of Directors and shareholders of the Company, as the case may be.



- 4.3 All international Related Party Transaction(s) shall comply with international transfer pricing requirements specified under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the transfer pricing regulations.

5 Manner of dealing with Related Party Transaction

5.1 Identification of Related Parties

The Company identifies and updates the list of Related Party(ies) as prescribed under section 2(76) of the Act read with the rules framed there under, and Regulation 2(1)(zb) of the Listing Regulations.

5.2 Identification of Related Party Transactions

- (i) The Company will also identify the Related Party Transaction(s) in accordance with the provisions of the Act and the Listing Regulations.
- (ii) The Company, for the purpose of determining whether the transaction is in the ordinary course of business and at Arm's Length Basis, may seek external expert opinion, if necessary.
- (iii) Once the Related Party Transaction(s) are identified, it shall be categorized as per the applicability matrix outlined in the Industry Standards for the purpose of requisite disclosures to the Audit Committee or to the shareholders of the Company, as the case may be.

6 Review and approval of Related Party Transactions by Audit Committee

6.1 Approval of Audit Committee:

- (i) All Related Party Transaction(s) and subsequent modification(s) thereto, shall require **PRIOR** approval of the Audit Committee of the Company, and only those members of Audit Committee, who are independent directors, shall approve such transactions.
- (ii) For avoidance of doubt, it is hereby provided that in case of Related Party Transaction(s) wherein subsidiary of the Company is a party but the Company is not a party, **PRIOR** approval of the Audit Committee of the Company shall be required, if the value of such transaction exceed the threshold prescribed under Listing Regulations.
- (iii) Any member of the Audit Committee who has a potential interest in any Related Party Transaction(s) shall recuse himself/herself and abstain from discussion and voting on the approval of the Related Party transaction.
- (iv) The Audit Committee shall be provided with all the information of the Related Party Transaction(s) as required under the Act, the Listing Regulations, read with the rules, circulars, notifications, issued thereunder.
- (v) The Audit Committee shall, while granting approval of Related Party Transaction(s), record its comments wherever mandated by the Industry Standards.

6.2 Considerations by the Audit Committee in approving the Related Party Transactions

- (i) The Company shall ensure that all Related Party Transaction(s) are placed before the Audit Committee with complete and adequate disclosures, in accordance with the provisions of the Act, Listing Regulations, read with the rules, circulars and notifications, as issued from time to time.



- (ii) While considering any Related Party Transaction(s), the Audit Committee will ensure that the information placed before it is sufficient to facilitate informed and transparent decision-making, in accordance with the provisions of the Act, Listing Regulations, read with the rules, circulars and notifications, as issued from time to time.
- (iii) The Audit Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:
 - (a) Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
 - (b) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - (c) Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction; and
 - (d) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company.

6.3 Omnibus approval of Related Party Transaction(s) by Audit Committee:

- (i) The Audit Committee may grant omnibus approval for the Related Party Transaction(s) proposed to be entered into by the Company or its subsidiary, for the transactions that are repetitive in nature.
- (ii) The Audit Committee shall, after obtaining approval of the Board, specify the criteria for making the omnibus approval, which shall *inter-alia* include the following:
 - (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (b) the maximum value per transaction which can be allowed;
 - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d) review, at such intervals as the Audit Committee may deem fit, Related Party Transaction(s) entered into by the Company pursuant to each of the omnibus approval made;
 - (e) transactions which cannot be subject to omnibus approval by the Audit Committee.
- (iii) The Audit Committee, while specifying the criteria for making omnibus approval, shall consider (a) the justification for the need for such omnibus approval, (b) repetitiveness of the transactions, and (c) whether such approval shall be in the interest of the Company.
- (iv) The omnibus approval granted by the Audit Committee shall *inter-alia* indicate the following:-
 - (a) name of the Related Party(ies);
 - (b) nature and duration/period of the transaction;
 - (c) maximum amount of transaction that can be entered into;
 - (d) the indicative base price or current contracted price and the formula for variation in the price, if any;
 - (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction; and
- (v) Where the need for Related Party Transaction(s) cannot be foreseen and above details are not available, the Audit Committee may grant omnibus approval subject to their value not exceeding INR 1,00,00,000/- (Indian Rupees One Crore Only), per transaction.



- (vi) The omnibus approval granted by the Audit Committee shall be valid for such period as may be specified under the Act, Listing Regulations, read with the rules, circulars, and notifications issued thereunder.

6.4 Additional conditions for granting omnibus approval by the Audit Committee:

- (i) Omnibus approval of Specified Transaction(s) (excluding the transactions that are undertaken in the Company's ordinary course of business and are on at Arm's Length Basis) with the related party as defined under section 2(76) of the Act, may be granted by the Audit Committee, but shall be subject to subsequent approval of the Board.
- (ii) Omnibus approval of Related Party Transaction(s) which qualify as Material Related Party Transaction(s), may be granted by the Audit Committee, but shall be subject to subsequent approval of the shareholders.
- (iii) The Audit Committee shall review, at such intervals as may be prescribed under the Listing Regulations or under the Act, the details of Related Party Transaction(s) entered into by the Company or its subsidiary pursuant to each of the omnibus approvals given.
- (iv) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- (v) The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transaction(s) on an annual basis.

6.5 Ratification of Related Party Transaction by Audit Committee

- (i) The members of the Audit Committee, who are independent directors, may ratify Related Party Transaction(s) 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:
 - (a) the value of the ratified transaction(s) with a Related Party(ies), whether entered into individually or taken together, during a financial year shall not exceed Rupees One Crore;
 - (b) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification.
 - (c) the details of ratification shall be disclosed along with the disclosures of Related Party Transaction(s), as per the requirement of Listing Regulations.
 - (d) any other condition as specified by the audit committee, from time to time.
- (ii) Failure to seek ratification of the Audit Committee within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a Related Party(ies) to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

6.6 Exemption from approval of Audit Committee

Approval of the Audit Committee shall be exempted in case of the following:



- (i) transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval. However, approval of the Audit Committee shall be required in case of Specified Transaction(s) between the Company and its wholly owned subsidiary company.
- (ii) transactions 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.
- (iii) remuneration and sitting fees paid by Company or its subsidiary of the Company 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 a Material Related Party Transaction(s).

7 Review and approval of Related Party Transactions by the Board

7.1 Approval of Related Party Transaction(s) by the Board:

- (i) The Board shall approve the Related Party Transaction(s) if:
 - (a) it is a Specified Transaction(s) with such the related party, as defined under Section 2(76) of the Act and aforesaid transaction is not in the ordinary course of business and / or not at Arm's Length Basis; or
 - (b) the Audit Committee determines that a Related Party Transaction(s) should be brought before the Board; or
 - (c) the Board in any case elects to review any Related Party Transaction(s) *suo moto*; or
 - (d) it is Material Related Party Transaction(s) and is intended to be placed before the shareholders for approval; or
 - (e) it is mandatory under any law for the time being in force, for the Board to approve any Related Party Transaction(s).
- (ii) Any member of the Board who has any interest in any Related Party Transaction(s) shall recuse himself / herself, and shall not vote on such particular agenda item.
- (iii) Where any Specified Transaction(s) is entered with the related party, as defined under section 2(76) of the Act, by a director or any other employee, without obtaining the consent of the Board and if it is not ratified by the Board at their meeting within three months from the date on which Specified Transaction(s) was entered into, such Specified Transaction(s) shall be voidable at the option of the Board and if the Specified Transaction(s) is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.
- (iv) The agenda of the meeting of the Board at which the resolution of any Related Party Transaction(s) is proposed to be moved shall mandatorily disclose the details as required under section 188 of the Act, read with the rules made thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

7.2 Considerations by the Board in approving the Related Party Transactions

- (i) The Board, while approving the Related Party Transaction(s) shall 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.



- (ii) While approving or rejecting any Related Party Transaction(s), the Board will ensure that the information placed before it is sufficient to facilitate informed and transparent decision-making, in accordance with the provisions of the Act, read with the rules, circulars and notifications, as issued from time to time.

7.3 Exemption from approval of Related Party Transaction(s) by the Board

Save as otherwise provided in this Policy, approval of the Board shall not be required for the Specified Transaction(s) with the related party as defined under section 2(76) of the Act, that are entered in the ordinary course of business of the Company and carried out on an Arm's Length Basis.

8 Review and approval of Related Party Transactions by shareholders of the Company

8.1 Approval of Related Party Transaction(s) by the shareholders :

- (i) If the Specified Transaction(s) with the related party as defined under section 2(76) of the Act, are not in the ordinary course of business, and/or not at Arm's Length and exceeds the thresholds prescribed under the Act, read with the rules made thereunder, then such Specified Transaction(s) shall require **PRIOR** approval of shareholders by way of ordinary resolution and no shareholder (who is interested in such Specified Transaction(s)) of the Company shall vote to approve such resolution.
- (ii) All Material Related Party Transaction(s) and subsequent Material Modification(s) shall require prior approval of the shareholders by way of an ordinary resolution and no Related Party(ies) shall not vote to approve such transactions, irrespective of whether such Related Party(ies) is a party to that transaction or not.
- (iii) The notice sent to the shareholders seeking approval for any proposed Related Party Transaction(s) shall contain all such information as is required under the Act, the Listing Regulations, read with the rules, circulars, notifications, issued thereunder.
- (iv) Where any Specified Transaction(s) with the related party as defined under section 2(76) of the Act, is entered into by a director or any other employee, without obtaining the consent of the shareholders and if it is not ratified by the shareholders at a meeting within three months from the date on which Specified Transaction(s) was entered into, such Specified Transaction(s) shall be voidable at the option of the shareholders and if the Specified Transaction(s) is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

8.2 Exemption from approval of shareholders

Approval of shareholders shall not be required in following cases:

- (i) Any transaction entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; or
- (ii) transactions 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.



- (iii) Any transaction entered into by the Company in its ordinary course of business and on Arm's Length Basis. However, notwithstanding the aforesaid, the approval of shareholders shall be required in case of Material Related Party Transaction(s) and/ or any subsequent Material Modification(s) thereof, irrespective of the fact that such transaction is in ordinary course of business and on an Arm's Length Basis.

9 Escalation and Rectification Mechanism for non-compliant Related Party Transaction(s)

In the event of any Director, Key Managerial Personnel or any other employee becoming aware of any Related Party Transaction(s) which was not submitted for approval of the Audit Committee/ Board/ shareholders, as the case may be or is in deviation of this Policy, such person shall promptly inform to the Company Secretary about such transaction and such transaction shall be placed before the Audit Committee, Board or shareholders, as the case may be, in accordance with this Policy for review and approval. The Audit Committee, Board or shareholders, as the case may be, shall consider all relevant facts and circumstances and may decide necessary actions as it may consider appropriate including ratification, revision, or termination of such transaction, as per the applicable provisions of the Act and Listing Regulations.

10 Administrative measures

The Audit Committee shall be the competent authority for investigating and taking appropriate actions/steps for prevention or remedy of any breach and/or defaults in complying with this Policy. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions of the Listing Regulations and the Act.

11 Reporting & disclosures of Related Party Transaction(s)

- 11.1 All the Specified Transaction(s) with the related party as defined under section 2(76) of the Act, which are not at Arm's Length or are otherwise material in nature, shall be disclosed in the Board's report of the Company, with such particulars as may be prescribed under the Act read with the rules made thereunder.
- 11.2 The Company Secretary shall also make necessary entries in the Register of Contracts or Arrangement required to be maintained under the Act.
- 11.3 Details of Related Party Transaction(s) shall be disclosed in the corporate governance report in accordance with the provisions of Listing Regulations.
- 11.4 Requisite disclosures of Related Party Transaction(s) shall also be submitted by the Company to the Stock Exchange and the same shall also be published on the website of the Company, in compliance with the provisions of the Listing Regulations.

12 Policy review and dissemination

- (i) The Board may review this Policy periodically, at least once every three years and make amendments from time to time, as may be deemed necessary (including based on the recommendation(s) of the Audit Committee, if any).
- (ii) The Company shall upload this Policy on its website and a web link of the same will be provided in the Annual Report of the Company.



13 Implementation and Amendments

- (i) The Audit Committee of the Company shall, subject to supervision of the Board, interpret and administer this Policy in line with the broad intent of this Policy read with the applicable provisions of the Act, rules made thereunder, and the Listing Regulations.
- (ii) The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.
- (iii) In the event of any conflict between the provisions of this Policy and the Act or the Listing Regulations or any other statutory enactments or rules, the provisions of the Listing Regulations/the Act or statutory enactments, rules made thereunder shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force. Any subsequent amendment/ modification in the Regulations shall automatically apply to this Policy.

