Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions

1. Introduction

The Company, “IFB Industries Limited” has always been committed to good corporate governance practices, including in matters relating to Related Party Transactions (RPTs). Endeavour is consistently made to have only arm's length transactions with all parties including Related Parties.

The Company has a related party policy in place, however pursuant to amendments brought in the Listing Regulations, the existing policy is duly amended accordingly. This revised Policy termed as "Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions" is framed as per the requirements of the applicable laws and shall operate within the boundaries set by the various provisions of the Listing Regulations.

This Policy shall become effective from the date of its adoption by the Board, based on the recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board

2. Scope and purpose of the policy

The objectives of this Policy are to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company in this regard and to ensure proper approval and reporting of transactions between the Company and its Related Parties.

3. Clarifications, Amendments and Updates

This Policy shall be implemented as per the provisions of the applicable law. Any amendments in the applicable law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous applicable law at the time of its implementation.

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the applicable law under reference, that is to say, the Companies Act, 2013 and Rules framed there under, or Listing Regulations, as amended, from time to time.

4. Definitions

4.1 “Act” means the Companies Act, 2013, together with the Rules notified there under including any statutory modifications or re-enactments thereof for the time being in force (hereunder referred to as “Act”).

4.2 “Accounting Standards” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

4.3 “Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the

Company having such influence and includes a joint venture company. It shall also include an entity which is an associate as per the applicable accounting standards.

4.4 “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.

4.5 “Audit Committee” means the Committee of the Board of Directors of the Company constituted under the applicable laws.

4.6 “Board” means Board of Directors of the Company.

4.7 “Body Corporate” means an entity as defined in Section 2(11) of the Act.

4.8 “Company” means "IFB INDUSTRIES LIMITED".

4.9 “Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the Act.

4.10 “Director” means any director of the Company appointed as per the provisions of Act.

4.11 “Key Managerial Personnel” or “KMP” shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.

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

4.13 "Material Modifications" in relation to any RPT means 10% (ten percent) or more variation in the threshold limits of approved RPT in terms of value, quantity, interest or otherwise. The Audit Committee has to give prior approval to material modifications being made in Related Party Transaction.

4.14 “Material Related Party Transactions” means transaction(s) with a related party, 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.

4.15 “Ordinary course of business” means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing/ giving of guarantees or collaterals or loans or any other financial assistance, in the normal routine in managing trade or business as and is not a standalone transaction.

4.16 “Policy” means this Policy on Related Party Transactions.

4.17 “Relative” shall have the same meaning as assigned to it under Section 2(77) of the Act and the Rules made thereunder and the Listing Regulations.

4.18 “Related Party Transaction" have the meaning as defined under Section 188 of the Act read with Regulation 2(1) (zc) of the SEBI Listing Regulations, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:

a. the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;

b. the Company 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 Company or any of its subsidiaries with effect from April 1, 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, including but not limited to the following –

i. sale, purchase or supply of any goods or materials;

ii. selling or otherwise disposing of, or buying, property of any kind;

iii. leasing of property of any kind;

iv. availing or rendering of any services;

v. appointment of any agent for purchase or sale of goods, materials, services or property;

appointment to any office or place of profit in the Company, its subsidiary or associate company

vi. underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

(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) corporate actions which are uniformly applicable/offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities.

(c) retail purchases from IFB or any of its subsidiaries by its directors or employees, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

Further, remuneration and sitting fees paid by IFB or its subsidiaries to its directors, key managerial personnels 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 the provisions of Regulation 23 of the Listing Regulations.

4.19 “Related Party Transaction” (“RPT”) means Related Party Transactions defined under the Listing Regulations, as amended from time to time.

4.20 “Subsidiary” means a company as defined in Section 2(87) of the Act.

4.21 “Significant Influence” means control of at least 20% of the total voting power, or control of or participation in business decisions under an agreement.

4.22 “Industry Standards” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.

All terms not defined herein above shall take their meaning from the Applicable Laws.

6. Approval of Related Party Transactions

All related party transactions proposed to be entered by the Company will be entered subject to the approvals as required under Section 188 of the Act and in compliance with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Listing Regulations. The transactions between the related parties shall be in the ordinary course of business and at arm's length basis. In the event any contract or arrangement with a related party is not in the ordinary course of business or not at arm's length, the Company shall obtain approval of the Board for such contract or arrangement.

(a) Audit Committee Approval

The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Exempted Wholly Owned Subsidiaries, if any (whose accounts are consolidated with the Company and placed before the shareholders at the General Meeting for approval).

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company whether at a Meeting of the Audit Committee or by Resolution by Circulation.

In the audit committee meeting, only those members of the audit committee, who are independent directors, shall approve related party transactions.

A related party transaction 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 whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.

Further, with effect from April 1, 2023, a related party transaction 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 whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

However, prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such listed subsidiary.

Furthermore, for related party transactions of unlisted subsidiaries of the listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

Members of the Audit Committee, who are independent directors, shall alone approve Related Party Transactions.

The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP of the Company, confirming that the RPT(s) to be entered into are not

prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

However, the Company may obtain omnibus approval from the Audit Committee for all Related Party Transactions subject to compliances with the conditions prescribed in paras 1 to 9 below.

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval shall include the following:

i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
ii. The maximum value per transaction which can be allowed;
iii. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
iv. review, at such intervals as the Audit Committee may deem fit, Related Party Transaction entered into by the Company pursuant to each omnibus approval made;
v. transactions which cannot be subject to the omnibus approval by the Audit Committee.

2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
i. repetitiveness of the transactions (in past or in future);
ii. justification for the need of omnibus approval.

3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

4. The omnibus approval shall provide details of (i) the name/s of the related party and its relationship with the Company or its subsidiary, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into during the year; (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any, (iii) minimum information about the RPTs as per the provisions of the Industry Standards and (iv) such other conditions as the Audit Committee may deem fit.

   Provided that where the need for Related Party Transactions 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.

5. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company pursuant to the omnibus approval given;

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

7. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

8. Omnibus approval can be granted by the audit committee for related party transactions of the Company as well as of its subsidiaries.

9. Any other conditions as the Audit Committee may deem fit.

(b) Approval of Board of Directors

All the Related Party Transactions with respect to certain transactions as mentioned vide Section 188 of the Companies Act, 2013 shall be approved by the Board of Directors of the Company, unless:

i. transactions entered into by the company are in its ordinary course of business; and
ii. transactions are at an arm's length basis.

(c) Approval of Shareholders

All transactions with Related Parties exceeding the materiality thresholds, as stated below, shall require prior approval of the Shareholders:

a) All material related party transactions and subsequent material modifications thereto;

b) A transaction involving payments made with respect to brand usage or royalty, if the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5 % (Five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;

c) All transactions specified under Section 188 of the Companies Act, 2013 which are not at arm's length or not in the ordinary course of business and exceed the thresholds laid down in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time.

Further, in any case, all material related party transactions and subsequent material modifications therewith shall require prior 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:

However, prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary and for such related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Furthermore, this requirement 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.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

8. Review of the Policy

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and at least once in three years and appropriate recommendations shall be made by the Audit Committee to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

9. Disclosures

The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.

This Policy will be uploaded on the website of the Company. Amended at the Board Meeting dated 28th May, 2025 effective from 1st July, 2025.