BALAJI AGRO OILS LIMITED

RELATED PARTY TRANSACTIONS – POLICY & PROCEDURES

1. PREAMBLE:

The Board of Directors (the "Board") of Balaji Agro Oils Limited (the "Company" or "BAOL"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below in compliance with the provisions of section 188 of the Companies Act, 2013 and Rules made thereunder and any subsequent amendments thereto (the "Act") and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in order to ensure the transparency and procedural fairness of such transactions.

This Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. OBJECTIVE:

This Policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee"), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Regulation 23 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and must be approved in the manner as may be decided by the Board of Directors.

3. DEFINITIONS:

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013.

"Board" means Board of Directors of the Company.

"Control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or

indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position.

"Key Managerial Personnel" means Key Managerial Personnel as defined under the Companies Act, 2013 and includes

(i) Managing Director, or Chief Executive Officer or Manager and in their absence, a whole time director;
(ii) Company Secretary and
(iii) Chief Financial Officer.

"Material Related Party Transaction" means a transaction with a related party where the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, 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 Company as per its last audited financial statements.

Further, related party transactions covered under Rule 15(3) of The Companies (Meeting of Board and its Powers) Rules, 2014 shall also be material related party transactions.

"Material Modification" will mean and include any modification to an existing related party transaction having variance of 10% of the existing limit as sanctioned by the Audit Committee / Board / Shareholde rs as the case may be such modification which would make the transaction less favorable to the Compa ny.

"Material Modification" means

(a) an increase beyond 10% on approved amount by the Audit Committee / Board / Shareholders as the case may be or 0.5% of turnover of the Company, whichever is higher, for Related Party Transactions during the financial year for each Related Party.
(b) Significant change in warranty and other terms and conditions of Related Party Transaction as approved by Audit Committee / Board / Stakeholders, as the case may be, including payment terms and timelines.

"Office or place of profit" means any office or place—

(i) where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation,or otherwise;

(ii) where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

"Policy" means Related Party Transaction Policy.

"Related Party" means related party as defined under section 2(76) of the Companies Act, 2013:

(i) a director or his relative ;

(ii) a key managerial personnel or his relative ;

(iii) a firm, in which a director, manager or his relative is a partner ;

(iv) a private company in which a director or manager is a member or director ;

(v) a public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital ;

(vi) any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;

(vii) any person under whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any company which is –
(A) a holding, subsidiary or an associate company of such company ; or
(B) a subsidiary of a holding company to which it is also a subsidiary ;

(ix) Director or key managerial personnel of the holding company or his relative with referenceto a company.

Related Party will have the same meaning as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1) (zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

As per Accounting Standard 18:
Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

"Related Party transactions" - transactions/contracts/arrangements between the Company and its related parties which fall under one or more of the following:

As per Section 188 of the Act:
(a) Sale, purchase or supply of any goods or materials;

(b) Selling or otherwise disposing of, or buying property of any kind;

(c) Leasing of property of any kind;

(d) Availing or rendering of any services;

(e) Appointment of any agent for purchase or sale of goods, materials, services or property;

(f) Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and

(g) Underwriting the subscription of any securities or derivatives thereof, of the Company;

As per Regulation 2(1)(zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

"Related party transaction" means a transfer of resources, services or obligations between a listed entity and a related party, 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.

As per Regulation 23(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Related party transactions includes a transaction involving payments with respect to brand usage or royalty and they shall be considered material if such transaction(s) during a financial year, exceed 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements.

As per Accounting Standard 18:
"A transfer of resources or obligations between related parties, regardless of whether or not a price is charged."

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.

"Relative" means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

i. They are members of a Hindu Undivided Family;
ii. They are husband and wife; or
iii. Father (including step-father)
iv. Mother (including step-mother)
v. Son (including step-son)
vi. Son's wife
vii. Daughter
viii. Daughter's husband
ix. Brother (including step-brother)
x. Sister (including step-sister)

"Transactions on arm's length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

4. POLICY:

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions:

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

4.2 Prohibitions related to Related Party Transactions:

All Related Party Transactions shall require prior approval of Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

c. Such omnibus approval shall specify
(i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
(ii) the indicative base price / current contracted price and the formula for variation in the price if any and
(iii) 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. Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

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

All material related party transactions and subsequent material modifications as defined by the audit committee under regulation 23 (2) of SEBI (LODR) Regulations 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.

4.3 Review and Approval of Related Party Transactions:
Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

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

a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 listed entity;

(c) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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;

(d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- 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;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of

Audit Committee or Shareholders:

a. transactions entered into between two government companies;
b. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
c. Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
a. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business; and
b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

6. REVIEW OF POLICY:

The policy shall be reviewed by the Audit Committee/Board at least once in every three years and update accordingly.

7. DISCLOSURES:

1. The Company shall make the necessary disclosures of related party transactions in the Board' Report as required under the Act. The contents of this policy as amended from time to time shall be displayed on the Company's website viz., www.baol.in.

2. The listed entity shall submit on the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

8. AMENDMENTS TO THE POLICY:

The Members of the Audit Committee and Board of Directors can amend this Policy, as and when deemed fit. Any or all the provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc., on the subject as may be issued by relevant Statutory Authorities, from time to time.

The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance.

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