



Barbeque-Nation Hospitality Limited

(Registered Office: "Saket Callipolis", Unit No. 601 & 602, 6th Floor, Doddakannalli Village, Varthur Hobli, Sarjapur Road, Bengaluru-560035, Karnataka, India)

POLICY ON RELATED PARTY TRANSACTIONS

This Policy was last amended and effective from February 3, 2022

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

Barbeque-Nation Hospitality Limited (hereinafter referred to as the “**Company**”) recognizes that transactions between the Company and one or more of its Related Parties (more particularly and hereinafter referred to as “**Related Party Transactions**” or “**Transactions**” or “**RPTs**”) poses a risk of actual or potential conflicts of interest.

With a view to ensure that the Related Party Transactions are in the best interest of the Company and its Stakeholders, and to ensure transparency, probity and ethical standards in the RPTs, the Board of Directors (the “**Board**”) of the Company has adopted this Policy on Related Party Transactions (the / this “**Policy**”) in line with the requirements of Regulation 23 of Securities and Exchange Board of India (Listing of Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and Section 188 of the Companies Act, 2013 (the “**Act**”) (as amended) along with rules, regulations and circulars made/issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

The Board of Directors shall review the Policy once in every 3 (three) years and update the same from time to time and as may be deemed necessary.

1.1 About the Company

The Company was incorporated on 13th October, 2006 under the Companies Act, 1956. The Company is engaged in the Food Services business including operating casual dining restaurant chain in India and abroad.

1.2 Objective of the Policy

The Board of the Company, after considering the recommendation(s) of the Audit Committee, has adopted the Policy and framed/designed procedures with regard to the review, approval and reporting of Related Party Transactions. The Audit Committee may review and amend this Policy, from time to time, subject to approval of the Board. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail over the provisions in this Policy and this Policy shall stand amended, accordingly, from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

The objective of this Policy is to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties in accordance with the Applicable Law.

2. DEFINITIONS

2.1 “Applicable Law” means the Companies Act, 2013 (“the Act”) and the Rules made thereunder, Securities and Exchange Board of India (Listing of Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and the circulars, if any, issued thereunder, and includes any other statute, law, standards, regulations, circulars or other governmental instruction relating to Related Party Transactions.

2.2 “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. For determining Arm’s Length Basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.

2.3 “Associate” means a Company as defined under Section 2(6) of the Act, and Indian Accounting Standard (Ind AS) 28, “*Investments in Associates and Joint Ventures*”

2.4 “Audit Committee” means the Committee of the Board of Directors constituted in accordance with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act and other applicable rules and regulations made thereunder.

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

2.6 “Director” means a person as defined in Section 2(34) of the Act.

2.7 “Independent Director” means a Director referred to in Section 149 (6) of the Act and regulation 16 of the SEBI Listing Regulations.

2.8 “Key Managerial Personnel” mean the officers of the Company as defined in Section 2(51) of the Act and Rules made thereunder.

2.9 “Material Related Party Transaction” means a transaction to be entered into with related party, individually or taken together with previous transactions during the financial year, exceeds the following limits:

- i. In case of 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 5% (five) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. and
- ii. In case of any other transaction(s), 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 Rs.1,000 crores (Rupees one thousand only) or 10% (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

2.10 “Material Modification” shall mean and include any modification(s)/amendment(s) to an existing related party transaction having variance of 20% or more in value of the transaction including the commercials as approved earlier by the Audit Committee / Board / Shareholders, as the case may be and as mutually agreed between parties to the transaction.

2.11 “Ordinary Course of Business” means all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association in furtherance of business of the Company.

2.12 “Relative” shall have the meaning assigned to it in Section 2(77) of the Act and the Rules prescribed thereunder.

2.13 “Related Party” means a person as defined under Section 2(76) of the Act, Regulation 2(1)(zb) of the SEBI Listing Regulations, and the applicable Indian Accounting Standards (Ind AS), as amended/modified from time to time.

2.14 “Related Party Transactions” means transactions entered into by the Company or any of its subsidiaries, whether directly or indirectly, with Related Party as specified in Section 188 of the Act and the Rules made thereunder, and regulation 2(1)(zc) and 23 of the SEBI Listing Regulations and the applicable Indian Accounting Standards, as amended/modified from time to time. Related Party Transaction shall be construed to include a single transaction or a group of transactions in a contract.

2.15 “Subsidiary” means a company as defined in Section 2(87) of the Act read with relevant Rules prescribed thereunder.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other Applicable Law or Regulation in force.

3. RELATED PARTY TRANSACTIONS AND ITS APPROVAL

All related party transactions and subsequent material modifications shall require prior approval of the audit committee.

All material related party transactions and subsequent material modifications as defined above shall require prior approval of the shareholders through a separate resolution.

A. Approval of RPTs by the Audit Committee

The Company shall enter into Related Party Transactions, including subsequent material modifications, only with the prior approval of the Audit Committee. Further only those members of the audit committee, who are Independent Directors, shall approve the related party transactions.

B. Omnibus approval of RPTs by the Audit Committee

The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- Such omnibus approval shall specify the following:
 - ❖ Name(s) of the Related Party;
 - ❖ Nature of the 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.

In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to the maximum value as prescribed under the Act or any other laws as applicable.

- The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given;
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- The Audit Committee shall also undertake an evaluation of the Related Party Transaction.

C. Approval of RPTs by Audit Committee through Circular Resolution

Considering the necessity and exigency of the Related Party Transaction, the Audit Committee may approve the RPTs by way of circular resolution in accordance with this Policy and the applicable laws. Any such approval must be ratified by the Committee at its next scheduled meeting.

D. Approval of RPTs by Shareholders

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through a separate 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. RPTs WHICH DO NOT REQUIRE APPROVAL/EXEMPTED RPTs:

Notwithstanding the foregoing, the following transactions shall not require separate approval of the Audit Committee or Shareholders, as the case may be, under this Policy:

- Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the Act, 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;
- Indemnification and advancement of expenses made pursuant to any agreement or by-laws of the Company;
- 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;
- Any transaction which is in the Ordinary Course of Business and on an Arm's Length Basis as determined in terms of this Policy;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, approved by the Board and carried out in accordance with the specific provisions of the Act or the SEBI Listing Regulations or any other applicable laws, rules and regulations;

- 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;
- 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;
- Any other transactions which is exempted or considered exception under the Applicable Law, including any Rules or Regulations made thereunder.

5. RPTs ENTERED WITHOUT PRIOR APPROVAL

In the event the Company takes cognizance of a Related Party Transaction that has not been approved or ratified under this Policy, such transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances with respect to such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee may deem appropriate under the circumstances.

6. DISCLOSURE BY DIRECTORS/ KEY MANAGERIAL PERSONNEL

Each Director and Key Managerial Personnel of the Company shall promptly notify the Company / Company Secretary of any potential Related Party Transaction involving him or her or his or her Relatives, including any additional information about the transaction, if any, as sought by Company Secretary of the Company. The Company Secretary, in consultation with other members of management and an independent counsel, as deemed appropriate, will determine whether the transaction constitute as Related Party Transaction requiring any compliances, if any, under this Policy.

Every Director or Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his/her concern or interest at the meeting of the Audit Committee/Board, as the case may be, in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.

Where any Director or Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if he/she becomes concerned or interested after the contract or arrangement is entered into, disclose his/her concern or interest forthwith when he/she becomes concerned or interested or at the first meeting of the Audit Committee/Board, as the case may be, held after he/she becomes so concerned or interested.

In addition, each Director or Key Managerial Personnel is required to make disclosures, on annual basis and whenever there is change in the disclosure already made, of the entities in which they or their Relatives are or are deemed to be interested, in the format prescribed under Applicable Law.

Any Director or Key Managerial Personnel who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel, as the case may be.

7. GUIDING PRINCIPLES FOR REVIEW OF RPTs

7.1 Overall

To review a Related Party Transaction, the Board or Audit Committee shall be provided with all the relevant information pertaining to the Related Party Transaction, including the terms of the transaction, the purpose and potential benefits of the transaction to the Company and any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction, as considered material by the Audit Committee or Board or shareholders, as may be applicable in the light of circumstances of a particular transaction.

In determining whether approval needs to be accorded to a Related Party Transaction, Audit Committee/Board/Shareholders, as the case may be, shall, *inter-alia*, consider the following factors:

- Whether the terms of the Related Party Transaction are fair and transparent to the Company and would apply on the same basis as if the transaction did not involve a Related Party;
- 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 present an improper conflict of interest for any Director or Key Managerial Personnel, Promoters or members of Promoters Group of the Company, taking into account the size of the transaction, the overall interest of the Director, Key Managerial Personnel, Promoters, members of Promoters Group or other Related Party, the direct or indirect nature of the Director, Key Managerial Personnel, Promoters, members of Promoters Group or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors, the Board or Audit Committee deem fit to consider.

The Board/Audit Committee/shareholders, as the case may be, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction. Further, the Board/Audit Committee/shareholders reserves the authority to modify or waive any procedural requirements of this Policy.

7.2 Guidelines on Determination of Arm's length nature of the Related Party Transactions

As a matter of prudence, the following guidelines are issued:

- The members of the Audit Committee shall be provided with salient features of the transaction and such other information, as considered necessary, and how the transaction is at "Arm's Length";
- At the time of determining the Arm's Length Basis of price charged for the Related Party Transaction, the Audit Committee shall inter-alia take into consideration, the permissible methods of Arm's Length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.

For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard. The Company may rely on professionals and experts in the field of Company Law, Accounting and Taxation to review, certify and report on transactions, including those with Related Parties.

The management of the Company should ensure periodically that all transactions with Related Parties – be they on a single source basis or otherwise – are on an "Arm's Length" basis.

8. DISCLOSURES AND REPORTING OF RPTs

- The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.
- The Company shall maintain a register for RPTs in such form and manner as may be prescribed under the applicable laws for the time being in force and such register shall be updated from time to time.
- The details of RPTs shall be disclosed in such form and manner and at such time as may be prescribed under the applicable laws for the time being in force.