



Barbeque-Nation Hospitality Limited

CIN: U55101KA2006PLC073031

***(Registered Office: Sy. No. 62, Site No. 13, 6th Cross, NS Palya,
BTM Layout, Bengaluru-560076, Karnataka, India)***

RELATED PARTY TRANSACTIONS POLICY

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1. PREAMBLE

Barbeque-Nation Hospitality Limited (hereinafter referred “**the Company**”) recognizes that transactions between the Company and one or more of its Related Parties (more particularly referred to as “Related Party Transactions” and defined hereinafter) present 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, 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 (“**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 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 business of operating casual dining restaurant chain in India and abroad.

1.2 Objective of the Policy

The Board of the Company, after considering the recommendation of the Audit Committee, has adopted the Policy and associated 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 upon 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

“**Applicable Law**” means the Companies Act, 2013 (“the Act”) and the Rules prescribed thereunder, the SEBI Listing Regulations and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

2.2 Arm’s Length Basis:

“**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

“**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*”
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2.4 Audit Committee

“**Audit Committee**” means the Audit Committee of the Board of Directors which as on date constituted under the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act and other applicable rules thereunder.

2.5 Body Corporate

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

2.6 Director

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

2.7 Key Managerial Personnel

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

2.8 Employees

“**Employees**” mean the employees and office-bearers of the Company, including but not limited to Whole-Time Directors.

2.9 Ordinary Course of Business

“**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 of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the Ordinary Course Business.

2.10 Material Related Party Transactions

“**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.
- 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 10% (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

2.11 Relative

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

2.12 Related Party

“**Related Party**” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act, and Regulation 2(1)(zb) of SEBI Listing Regulations.

2.13 Related Party Transactions

“**Related Party Transactions**” means such transactions directly or indirectly involving any Related Party as specified under Section 2(76) read with Section 188 of the Act, or Rules prescribed thereunder and 2(1)(zc) of SEBI Listing Regulations including any amendment or modification thereof, as may be applicable. Related Party Transaction shall be construed to include a single transaction or a group of transactions in a contract.

2.14 Senior Management

“**Senior Management**” means officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time

director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

2.15 Subsidiary

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

2.16 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 UNDER THE POLICY

The Company deploys both technical and commercial expertise in managing the functions of viz., Sales, Marketing, Sourcing, Finance, Internal Audit and Secretarial. The Company also has structured delegation of authority. The Senior Management is educated on Related Party Transactions.

Related Party Transactions, whether under the Act or under the Income Tax Act, 1961 including nuances and changes therein are informed to the Senior Management from time to time by the Corporate Finance team including those in Direct and Indirect Taxations. As a matter of policy, regardless of whether an entity is a Related Party or not, there is an inherent mechanism by which comparative quotes are obtained from more than one source before fixing prices in respect of procurements. When it comes to pricing of sale transactions, there is no specific guideline or instruction for any concessional approach to be adopted for sale transactions with Related Parties.

Any transfer of resources, services or obligations between the Company and a Related Party, would get covered as a ‘**Related Party Transaction**’, whether or not, there is an element of consideration or price.

3.1 Prohibited Related Party Transactions

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and / or the Board of the Company in accordance with this Policy.

3.2 Approval of Related Party Transactions

A. APPROVAL OF AUDIT COMMITTEE

The Company shall enter into Related Party Transactions only with the prior approval of 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 value as prescriber under the Companies 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.

B. APPROVAL OF THE BOARD OF DIRECTORS

i. The following transactions shall require a prior approval of the Board:

- Related party transactions which are not in the ordinary course of business or not at arm's length price;
- Material related party transactions.

ii. Any Member of the Board of Directors falling under the definition of related party shall not vote to approve the relevant transaction irrespective of whether the Member is a party to the particular transaction or not.

C. APPROVAL OF SHAREHOLDERS

i. Following transactions shall require prior approval of the Shareholders/Members of the Company by way of a Resolution passed at the general meeting of the Company:

- All material related party transactions;
- All related party transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act.

ii. No Related Party of the Company shall vote to approve on such Resolution if such Member is a related party.

If prior approval of the Audit Committee or Board or Shareholders/Members for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board or general meeting, if required, within 3 months of entering in the Related Party Transaction.

In any case where either the Audit Committee or Board or Shareholders/Members determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or Shareholders/Members, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee or Board has authority to modify or waive any procedural requirements of this Policy.

In determining whether to approve or ratify a Related Party Transaction, the Audit Committee or Board will consider whether the Related Party Transaction is on reasonable terms having regard to the circumstances of the case and the extent of the Related Party's interest in the transaction.

D. Related Party Transactions that shall not require Approval:

The following transactions shall not require separate approval 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;

Any other exception which is consistent with the Applicable Law, including any Rules or Regulations made thereunder, and must be approved in advance by the Audit Committee.

4. 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 that the Company Secretary of the Company shall reasonably request. The Company Secretary, in consultation with other members of management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

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 concern or interest at the meeting of the Board 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 Board held after he/she becomes so concerned or interested.

A contract or arrangement entered into by the Company without disclosure or with participation by a Director or Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

In addition, each Director or Key Managerial Personnel is required to make disclosures of the entities in which they or their Relatives are or are deemed to be interested, in the format prescribed under Applicable Law.

The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions. 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.

5. GUIDING PRINCIPLES FOR REVIEW OF RELATED PARTY TRANSACTIONS

5.1 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 to the Company of the transaction and any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction, as may be 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, the Board or Audit Committee shall consider the following factors:

Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis 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 of the Company, taking into account the size of the transaction, the

overall interest of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director, Key Managerial Personnel 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 Audit Committee or Board, 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 Audit Committee or Board reserves the authority to modify or waive any procedural requirements of this Policy.

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

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

Any single transaction with Related Party in excess of Rs.[●] be principally informed to the Audit Committee members indicating the salient features of the transaction 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 following:

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 relies 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.

DISCLOSURES

The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report.

The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.