AVEER FOODS LIMITED

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

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CHAPTER-I-PURPOSE OF THE POLICY

The purpose of this Policy is to ensure that all transactions with related parties are identified, reviewed, approved, and disclosed in accordance with applicable laws, accounting standards, and corporate governance requirements also to establish the thresholds for determining the materiality of Related Party Transactions and material modifications thereto, and to set out the principles and procedures governing Related Party Transactions entered into by the Company.

The Policy aims to ensure that such transactions are conducted in a transparent and fair manner, conflicts of interest are appropriately identified and managed, and the interests of the Company and its stakeholders are safeguarded at all times.

Accordingly, this policy has been adopted by the Board of Directors ('the Board') of the Company based on the recommendations of the Audit Committee in accordance with the provisions of the regulation 23 of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015.

Although this Policy is framed pursuant to the requirements of Regulation 23 of the SEBI[Listing Obligations and Disclosure Requirements] Regulations, 2015,(hereinafter referred to as the "SEBI Listing Regulations") it shall be read in conjunction with the provisions of the Companies Act, 2013, applicable accounting standards and other relevant laws. Compliance with this Policy shall not dispense with the requirement to comply with any other applicable legal or regulatory provisions governing Related Party Transactions.

CHAPTER II- DEFINITIONS AND INTERPRETATIONS

- "**Act**" means the Companies Act, 2013 and includes any amendment thereof.
- "**Accounting Standards**" shall mean the standards of accounting or any addendum thereto for companies or class of companies referred to in section 133 of the Act. "Applicable Laws" shall for the purpose of this Policy mean, (i) the Act; (ii) Regulations and (iii) Accounting Standards.
- "**Company**" means **Aveer Foods Limited**.
- "**Regulations or SEBI Listing Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any amendment thereof.
- "**Regulation 23**" means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- "**Related Party**" shall have meaning assigned to it under section 2(76) of the Companies Act, 2013 and regulation 2(1) (zb) of SEBI LODR, as amended from time to time.

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

- "**Related Party Transaction**" as per 2(zc) of SEBI [Listing Obligations and Disclosure Requirements] regulations, 2015 means a transaction involving a transfer of resources, services or obligations between:
    i. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
    ii. a listed entity 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 listed entity 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.

- ″**Material Related Party Transaction**" shall mean a Related Party Transaction which, individually or taken together with previous transactions during a financial year, exceeds the threshold prescribed under Regulation 23 of the SEBI Listing Regulations, as amended from time to time.

CHAPTER III-IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSCATIONS

A. IDENTIFICATION OF RELATED PARTY:

The Company shall identify its Related Parties in accordance with the provisions of Section 2(76) of the Companies Act, 2013 read with the rules made thereunder, Regulation 2(1)(zb) of the SEBI (Listing Regulations) 2015 and the applicable accounting standards, as amended from time to time.

The Secretarial Department, in coordination with the Finance & Accounts Department and such other functions as may be necessary, shall maintain and periodically update the list of Related Parties based on disclosures received from Directors, Key Managerial Personnel and other relevant persons. Such list shall be reviewed and updated whenever any changes occur and, in any event, at periodic intervals as may be considered necessary.

The Company shall establish appropriate mechanisms and internal controls to ensure timely identification, monitoring and reporting of Related Party Transactions.

B. IDENTIFICATION OF RELATED PARTY TRANSCATION:

The Company shall establish appropriate processes and internal controls for the identification, review, monitoring and reporting of Related Party Transactions in accordance with the Companies Act, 2013, the SEBI (Listing Regulations) 2015, applicable accounting standards, and other applicable laws, as amended from time to time.

Every proposed transaction, arrangement or contract entered into by the Company shall be evaluated by the concerned Finance & Accounts Department or other designated officials to determine whether such transaction constitutes a Related Party Transaction.

prior to initiating or concluding any transaction, verify whether:

- the counterparty is a Related Party of the Company;
- the transaction falls within the definition of a Related Party Transaction under applicable laws;
- the transaction is in the ordinary course of business and on an arm's length basis, wherever applicable; and
- the transaction requires approval of the Audit Committee, Board of Directors, shareholders or any other authority under applicable laws or this Policy.

For the purpose of identifying Related Party Transactions, the Company shall rely upon the updated list of Related Parties maintained by it and such declarations, disclosures, confirmations and information received from Directors, Key Managerial Personnel, Promoters, Promoter Group entities and other persons as may be required under applicable laws.

The Company has formulated guidelines for the identification of related party transactions in accordance with section 188 of the Act and Regulation 2(1) (zc) of the SEBI listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion if necessary.

The Company shall maintain adequate documentation and records relating to the identification, review and approval of Related Party Transactions and shall periodically review its processes to ensure effective compliance with applicable legal and regulatory requirements.

CHAPTER IV-REVIEW CRITERIA FOR RELATED PARTY TRANSACTIONS

The Audit Committee shall review all Related Party Transactions and material modifications thereto based on the facts and circumstances of each transaction and in accordance with the applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws.

While reviewing a Related Party Transaction, the Audit Committee shall, inter alia, consider the following factors to the extent relevant:

1) **Nature of Relationship**: The nature of the relationship between the Company and the related party and the interest of the related party in the proposed transaction.

2) **Business Rationale and Benefit**: -Whether the transaction is in the interest of the Company and its shareholders and whether there is a legitimate business rationale for entering into the transaction.
3) **Ordinary Course of Business**: -Whether the transaction is undertaken in the ordinary course of business of the Company.
4) **Arm's Length Nature:** Whether the transaction is on an arm's length basis and the basis on which such determination has been made.
5) **Commercial Terms**: Whether the terms of the transaction, including pricing, rights, obligations, tenure and other commercial aspects, are fair, reasonable and comparable to those that would be available in a similar transaction with an unrelated third party.
6) **Materiality and Financial Impact**: The value and materiality of the transaction and its likely impact on the Company's financial position, operations and profitability.
7) **Conflict of Interest**: Whether the transaction may give rise to any actual or potential conflict of interest for the Company, its directors, key managerial personnel or shareholders.
8) **Availability of Alternatives**: Whether there are alternative sources, suppliers, service providers, customers or counterparties available on comparable terms.
9) **Regulatory Compliance**: Whether the transaction complies with the requirements of applicable laws, regulations, accounting standards and this Policy.
10) **Any Other Relevant Factors**: Any other information, documents, valuation reports, benchmarking studies, independent assessments or factors that the Audit Committee considers relevant for evaluating the transaction.

The Audit Committee may seek such information, records, certifications, confirmations or expert opinions as it may deem necessary for the purpose of reviewing and approving a Related Party Transaction. The Committee shall have the discretion to approve, reject or recommend modification of the proposed transaction in the best interests of the Company and its stakeholders.

CHAPTER V-MATERILITY OF RELATED PARTY TRANSCATIONS

The Company shall evaluate the materiality of Related Party Transactions (RPTs) in accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable.

Under the **Companies Act, 2013**, certain related party transactions exceeding the limits prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 require prior approval of shareholders by way of an Ordinary Resolution, unless such transactions are entered into in the ordinary course of business and on an arm's length basis.

Thresholds mentioned under Companies Act, 2013

Sr. No.	Nature of Transaction	Threshold Limit
1	Sale, purchase or supply of goods/materials	Exceeds **10% of turnover** or **₹100 crore**, whichever is lower
2	Selling, buying or disposing of property	Exceeds **10% of net worth** or **₹100 crore**, whichever is lower

3	Leasing of property	Exceeds **10% of turnover**, or **10% of net worth**, or **₹100 crore**, whichever is lower
4	Availing or rendering services	Exceeds **10% of turnover** or **₹50 crore**, whichever is lower
5	Appointment to office or place of profit	Monthly remuneration exceeds **₹2.5 lakh**
6	Underwriting subscription of securities	Remuneration exceeds **1% of net worth**

(*) The turnover and net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding financial year.

Thresholds as per Regulation 23 schedule XII of SEBI [Listing Regulations], 2015.

Sr. No.	Consolidated turnover of listed entity	Thresholds
1	Up to Rs. 20,000 crores	10% of the annual consolidated turnover of the listed entity whichever is lower;
2	More than Rs. 20,000 crores upto Rs. 40,000 crores	Rs. 2000 crore + 5% of the annual consolidated turnover above Rs. 20,000 crore
3	More than Rs. 40,000 crores	Rs. 3000 crore +2.5% of the annual consolidated turnover of the listed entity above Rs. 40,000 crore or Rs. 5000 crores whichever is lower.

Material Modifications in related party Transactions:

The following shall be construed as material modifications unless a stricter requirement is prescribed under applicable law.

Material Modification in a Related Party Transaction means any modification, alteration or variation in an existing Related Party Transaction relating to:

1. More than 20% change in the value of the transaction(s), except changes arising solely due to statutory taxes;
2. Change in the tenure or period of the contract;
3. Change in any commercial, technical or operational term having a direct or indirect impact on cost, quality, scope, pricing, consideration, obligations, or delivery of goods and services under the agreed terms of the transaction.

CHAPTER VI-APPROVAL FRAMEWORK

A. APPROVAL BY AUDIT COMMITTEE:

All Related Party Transactions and material modifications thereto shall require prior approval of the Audit Committee in accordance with the provisions of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Regulations) 2015, as amended from time to time.

The Audit Committee may grant omnibus approval for repetitive transactions in accordance with Regulation 23 of the SEBI (Listing Regulations) 2015. Such omnibus approval shall remain valid for a period not exceeding one year and shall be subject to quarterly review by the Audit Committee. Omnibus approval shall not be granted for transactions relating to the sale, disposal or leasing of an undertaking. Material Related Party Transactions shall additionally require approval of shareholders as prescribed under SEBI LODR.

The Audit Committee shall define the criteria for granting omnibus approvals and satisfy itself that such approvals are in the interest of the Company.

Any member of the Audit Committee having a direct or indirect interest in a proposed Related Party Transaction shall disclose the nature of such interest and shall abstain from participating in the review, discussion and approval of the transaction.

For the purpose of reviewing and approving a Related Party Transaction, the Audit Committee shall be provided with all relevant information and supporting documents, including but not limited to:

- name of the related party and nature of relationship;
- nature, duration and particulars of the transaction;
- value and material terms of the transaction;
- business purpose and commercial rationale of the transaction;
- justification for determining that the transaction is on an arm's length basis and/or in the ordinary course of business, where applicable;
- any valuation reports, benchmarking studies or other supporting documents, if relevant; and
- such other information as may be required under the Companies Act, 2013, SEBI Listing Regulations, or as may be sought by the Audit Committee.

The Audit Committee shall review the proposed transaction having regard to the interests of the Company and its stakeholders and may approve, reject, ratify, modify or impose such conditions as it may deem fit in accordance with applicable law and this Policy.

B. APPROVAL BY BOARD OF DIRECTORS:

Where the Audit Committee determines that a Related Party Transaction should be placed before the Board of Directors for its consideration, or where approval of the Board is required under the Companies Act, 2013, the SEBI (Listing Regulations) 2015, or any other applicable law, the proposed Related Party Transaction shall be submitted to the Board for its review and approval.

The Board shall consider the recommendations of the Audit Committee and evaluate the proposed Related Party Transaction based on the relevant facts, circumstances and considerations applicable to such transaction.

In undertaking its review, the Board shall take into account the factors and evaluation criteria considered by the Audit Committee, with such modifications, additions or exceptions as may be necessary or appropriate having regard to the nature of the transaction and the applicable legal and regulatory requirements.

Any Director who is interested in the proposed Related Party Transaction shall disclose the nature of his/her interest and shall abstain from participating in the discussion and voting on the matter, except to the extent permitted under applicable law.

The Board may approve, reject, modify or impose such conditions on the proposed Related Party Transaction as it may deem appropriate and in the best interests of the Company and its stakeholders.

C. APPROVAL BY SHAREHOLDERS:

All **Material Related Party Transactions** and material modifications thereto shall require prior approval of the shareholders of the Company in accordance with the provisions of the Companies Act, 2013, the SEBI (Listing Regulations) 2015 and other applicable laws, as amended from time to time.

No related party shall vote to approve a resolution for a Material Related Party Transaction, whether such related party is a party to the particular transaction or not, except as otherwise permitted under applicable law.

Further, shareholders' approval shall be obtained for Related Party Transactions that are not in the ordinary course of business and/or not on an arm's length basis and which exceed the thresholds prescribed under Section 188 of the Companies Act, 2013 read with the rules made thereunder, and such circulars, notifications, clarifications or amendments as may be issued by the Ministry of Corporate Affairs from time to time.

The explanatory statement accompanying the notice seeking shareholders' approval shall contain such information and disclosures as may be required under the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws, to enable shareholders to take an informed decision.

Where shareholders' approval is required under more than one applicable law, the Company shall ensure compliance with the requirements prescribed under each such law and obtain the necessary approvals prior to entering into the Related Party Transaction.

In accordance with Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated April 8, 2022, omnibus approval of shareholders for Material Related Party Transactions obtained at an Annual General Meeting (AGM) shall remain valid up to the date of the next AGM, subject to a maximum period of fifteen (15) months. Where such omnibus approval is obtained through a general meeting other than an AGM, the validity of such approval shall not exceed one (1) year. Fresh shareholder approval shall be obtained upon expiry of the validity period, wherever applicable.

CHAPTER VII-EXEMPTIONS FROM RELATED PARTY TRANSACTION APPROVAL REQUIREMENTS

Notwithstanding anything contained in this Policy, the following transactions shall be exempt from the approval requirements applicable to Related Party Transactions to the extent permitted under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, as amended from time to time:

1) **Wholly Owned Subsidiaries:** Transactions between a listed holding company and its wholly-owned subsidiary get a full pass from audit committee and shareholder approval rules.

2) **Inter-Wholly Owned Subsidiaries:** Transactions between two wholly owned subsidiaries of the same listed holding company are exempt from these approval norms.

3) **Preferential Issue of Securities:**

   Issue of specified securities on a preferential basis, subject to compliance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

4) **Corporate Actions Uniformly Offered to Shareholders:**

   The following corporate actions, provided they are uniformly applicable or offered to all shareholders in proportion to their shareholding:

   - Payment of dividend;
   - Subdivision or consolidation of securities;
   - Issuance of securities by way of a rights issue;
   - Issuance of bonus securities; and
   - Buy-back of securities.

5) **Retail Purchases:**

   Retail purchases from the Company or its subsidiaries by Directors, Key Managerial Personnel ("KMPs"), or their relatives, without establishing a business relationship and on terms that are uniformly applicable or offered to all employees, directors, KMPs and their relatives.

6) **Public Sector Undertakings (PSUs):** Inter-se transactions between two public sector companies (or a government company and a PSU) are exempt from the shareholder approval requirement.

Along with any transaction or class of transactions that may be exempted from the definition of Related Party Transaction or from the approval requirements under the Companies Act, 2013, SEBI Listing Regulations or any other applicable law, from time to time, shall automatically stand excluded from the scope of this Policy to the extent of such exemption.

CHAPTER VIII- RELATED PARTY TRANSACTIONS NOT APPROVED IN ACCORDANCE WITH THIS POLICY

If the Company becomes aware of a Related Party Transaction that has not been approved in accordance with this Policy prior to its execution, the matter shall be placed before the Audit Committee for review at the earliest opportunity.

The Audit Committee shall examine all relevant facts and circumstances relating to the transaction, including the nature of the relationship, business rationale, materiality of the transaction, reasons for non-compliance with the approval process, and the overall impact of the transaction on the Company and its stakeholders.

Based on its review, the Audit Committee may:

- ratify the transaction;
- require modification of the transaction;
- recommend termination of the transaction; or
- direct such other corrective measures as it may deem appropriate.

Where required under applicable laws, the Company shall obtain post facto approval of the Audit Committee, Board of Directors and/or shareholders, as may be applicable.

Subject to the provisions of applicable law, a Related Party Transaction entered into without the requisite prior approval shall not automatically be deemed invalid or unenforceable solely by reason of such non-approval, provided that appropriate ratification or approval is obtained as soon as reasonably practicable after the transaction is identified.

CHAPTER IX- DISCLOSURES

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the submission of financial results of the Company.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

Further, information in accordance with section 134 of the Companies Act, 2013 w.r.t. related party transactions shall also be disclosed in the Annual Report.

CHAPTER X- GENERAL PRINCIPLES

The Company shall ensure that all Related Party Transactions are undertaken in a transparent, fair and ethical manner and in compliance with the provisions of the Companies Act, 2013, the SEBI (Listing Regulations) 2015, applicable accounting standards and other applicable laws, as amended from time to time.

In dealing with Related Party Transactions, the Company shall adhere to the following principles:

1) **Transparency and Fairness**
   Related Party Transactions shall be conducted in a transparent manner and in the best interests of the Company and its stakeholders.

2) **Arm's Length Basis**
Related Party Transactions shall, wherever applicable, be undertaken on an arm's length basis and on terms comparable to those prevailing for similar transactions with unrelated parties.

3) **Ordinary Course of Business**
Transactions with Related Parties should ordinarily be undertaken in the normal course of business and should have a valid business purpose and commercial rationale.

4) **Appropriate Approvals**
All Related Party Transactions shall be subject to the approval and review requirements prescribed under applicable laws and this Policy.

5) **Avoidance of Conflicts of Interest**
Related Party Transactions shall be managed in a manner that avoids actual or perceived conflicts of interest and protects the interests of minority shareholders.

6) **Adequate Disclosure**
The Company shall make timely, accurate and complete disclosures relating to Related Party Transactions as required under applicable laws and regulations.

7) **Independent Review**
All Related Party Transactions shall be subject to independent review by the Audit Committee to ensure that the transaction is fair, reasonable and in the interest of the Company.

8) **Substance Over Form**
The Company shall evaluate transactions based on their substance and economic impact and not merely on their legal form, while determining whether a transaction constitutes a Related Party Transaction.

9) **Compliance with Applicable Laws**
This Policy shall be read in conjunction with the Companies Act, 2013, SEBI Listing Regulations, applicable accounting standards and other applicable laws. In case of any inconsistency, the provisions of the applicable law shall prevail.

10) **Protection of Stakeholder Interests**
The Company shall ensure that Related Party Transactions do not adversely affect the interests of the Company, its public shareholders or other stakeholders.

CHAPTER XI-AMENDMENT TO THE POLICY

Any subsequent amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy. The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

Any words and expressions used but not defined in this Policy shall have the meanings assigned to them under the Companies Act, 2013, the SEBI Listing Regulations and applicable Accounting Standards. In case of any conflict between this Policy and Applicable Laws, the provisions of Applicable Laws shall prevail.