CHOTHANI FOODS LIMITED

POLICY ON DETERMINING MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

1. PREAMBLE

The enactment of the Companies Act 2013 (the "Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") has resulted into a significant importance on the compliances to be made on the Related Party Transactions. Pursuant to Regulation 23 of Listing Regulations, the Company is required to devise a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

The Board of Directors (the "Board") of the Company recognizes the importance of stakeholders' interest and their trust in the Company. To uphold this confidence and ensure a transparent mechanism that avoids potential or actual conflict of interest in transactions with related parties, the Board has adopted a policy for determining materiality and dealing with related party transactions (the "Policy"). The Board will review and may amend this policy from time to time.

2. OBJECTIVE

The objective of the policy is to:

a. Regulate transactions between the Company vis-à-vis its related parties with a view to ensuring that such transactions are executed on an arm's length basis, in the regular course of business and transparently and fairly.

b. Seek necessary approvals of the Audit Committee/Board/Shareholders, as may be necessary, after providing necessary information to them in the prescribed manner.

c. Outline the procedures for identification, review, disclosure and reporting of such transactions.

3. DEFINITIONS

For the purposes of this policy, the following definitions apply:

"Act" means The Companies Act, 2013, as amended from time to time.

"SEBI LODR" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

"Audit Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013and other regulations, as may be applicable.

"Board" means Board of Directors of the Company.

"Company" means **"Chothani Foods Limited."**

"Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and as per regulation 16 of SEBI Listing Regulations.

"Key Managerial Personnel" (KMP) means

- the Chief Executive Officer or the managing director or the manager;
- the company secretary;
- the whole-time director;
- the Chief Financial Officer;
- such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and such other officer as may be prescribed in the Act and SEBI LODR;

"Policy or This Policy" means "Policy on Determining Materiality of and Dealing with Related Party Transactions" as amended from time to time.

"Related Party" means any person as defined under Section 2(76) of the Companies Act, 2013, Regulation 2(1) (zb) of SEBI (LODR) Regulations, 2015 or any person as defined under applicable accounting standards.

"Related Party Transactions" means any transaction or set of transactions with related party/parties as defined under 188 of Companies Act, 2013 and Regulation 2(1)(zc) of SEBI (LODR) Regulations, 2015 including any amendment or modification thereof, as may be applicable or as defined under applicable accounting standards.

"Material Modification" means the following:

- Any modification(s) in the pricing, quantity or overall transaction value having a variance of 20 % (twenty percent) or more, in the relevant previously approved related party transaction.
- The terms of the contract cease to be at arm's length

"Relative" with reference to a director or a Key Managerial Person means persons defined under Section 2(77) of the Companies Act read amendments issued from time to time.

Words and expressions used but not defined in this policy shall have the same meaning assigned to them in SEBI LODR or the Act, as the case may be or in any amendment thereto.

4. INTERPRETATION

Any other term not defined in this Policy shall have the same meaning as defined in the Companies Act, 2013, SEBI LODR as amended from time to time or any other applicable law or regulation.

5. MATERIALITY THRESHOLDS

"Material Related Party Transaction" means a transaction prescribed under Regulation 23(1) And 1(A) in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. MANNER OF DEALING WITH MATERIAL RELATED PARTY TRANSACTION

All Material Related Party Transactions and subsequent material modifications shall be placed for prior approval of shareholders through a Resolution. However, the Material Related Party Transactions entered into between the Company and its wholly-owned subsidiaries shall not require prior approval of the shareholders.

7. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel in the manner prescribed in the Act, and the rules thereunder.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) who would in turn take necessary steps to place the same before the Audit Committee.

All Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.

In addition, all Directors and KMPs are responsible for giving notice to the Company Secretary of any potential Related Party Transaction involving them or their Relatives.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee.

8. MANNER OF DEALING WITH AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of related party transactions by Audit Committee

All related party transactions should be referred to the Audit Committee of the Company for approval irrespective of its materiality, except for transactions entered into between the holding company and its wholly-owned subsidiaries. The Audit Committee shall also approve any subsequent material modification(s) to related party transactions. Only Members of the Audit Committee, who are independent directors, shall approve related party transactions.

Prior approval of the Audit committee shall be required for

a. All RPTs and subsequent Material Modifications;

b. Related party transaction to which the Company's subsidiary is a party but the Company is not a party, 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 such subsidiary.

c. Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

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.

The Audit Committee shall consider the following while determining approval to related party transactions-

(a) Nature of relationship with the related party;

(b) Nature, duration, material terms, monetary values, and particulars of the contract or arrangement;

(c) Any advance paid or received for the contract or arrangement, if any;

(d) The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;

(e) Whether the transaction is in the ordinary course of business and at arm's length basis; and

(f) Any other information relevant or important for the Audit Committee/Board to take a decision on the proposed transaction.

Omnibus approval for related party transactions

The Audit Committee may grant omnibus approval for related party transactions (except for transactions in respect of selling and disposing of the undertaking of the Company) and such approval shall be applicable in respect of transactions that are repetitive in nature within the approved monetary value per financial year.

1. The Audit Committee shall grant omnibus approval as per following criteria:
    i. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

    ii. The omnibus approval shall provide:

    a. the name/s of the related party, nature of the transaction, period of the transaction;
    b. the maximum amount of transactions that can be entered into;
    c. the basis for arriving at the contracted price as per the Company's standard operating procedure;
    d. The specific reason for entering into a contract with the related party;
    e. Any other information relevant or important for the Audit Committee to take a decision.

    iii. However, in case of unforeseen and unplanned related party transactions, Audit Committee may grant omnibus approval provided the value does not exceed ₹ 1 Crore per transaction.

2. Audit Committee shall review, at least on a quarterly basis, details of related party transactions entered into by the Company or subsidiary juxtaposing them against each of the omnibus approval given.

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

    a. Omnibus approval shall not be granted in respect of selling and disposing of the whole or part of the undertaking of the Company.

B. Approval of the Board of Directors

In accordance of provisions of Section 188 of the Act all related party transactions specified under the said section and which are not in the ordinary course of business or are not at arm's length shall be required to be placed before the Board for it's approval.

In addition to the above, transactions meeting the materiality thresholds laid down in the Policy and any subsequent Material Modification to a Material Related Party Transaction, which are intended to be placed before the shareholders for approval.

C. Approval of the Shareholders of the Company

1. All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price and are exceeding threshold limits prescribed under Section 188 of the Act as amended from time to time shall also require prior approval of the shareholders of the Company by way of Ordinary Resolution and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

2. All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

9. TRANSACTIONS EXEMPTED FROM PRIOR APPROVAL OF THE AUDIT COMMITTEE AND SHAREHOLDERS

a. transactions entered into between the holding company and its wholly-owned subsidiaries whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

b. 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.

c. transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

10. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

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 including following

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 by the Company 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.

c. retail purchases from the Company or its subsidiary by its Directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and Directors.

   For the purpose as above, "retail purchases" would mean purchase/availing of products and services offered by the Company in the ordinary course of its business, or, in case of any Related Party Transaction by any subsidiary, by such subsidiary in the ordinary course of its business, through retail channels i.e., branches or business outlets through which the Company/subsidiary, services its retail customers, on terms which are uniformly offered to all employees as per applicable policies of the Company/subsidiary, subject to applicable laws.

11. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

a) Any transaction carried out without appropriate approval of the Audit Committee in accordance with this policy will be reviewed by it.

b) The Audit Committee shall examine the facts and circumstances pertaining to failure to report and any failure of the systems. The Committee shall take such action as it deems appropriate, including ratification, revision or termination of such related party transaction. The ratification of Related Party Transactions by the Audit Committee shall be subject to the adherence of the conditions mentioned in SEBI LODR.

c) The Audit Committee may require further approval of the Board or Shareholders, if necessary.

12. POLICY REVIEW

The Policy shall be reviewed by the Audit Committee and Board of Director as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

13. AMENDMENTS

Any changes in the Policy on account of regulatory requirements will be reviewed and recommended by the Audit Committee and the Board. The Audit Committee/Board will give suitable directions/guidelines to implement the same.

14. REGISTERS, DISCLOSURES AND REPORTING

All the Directors and KMP from time to time as prescribed under the Act, shall be required to make appropriate disclosure to the company under the Act the particulars relating to his/her concern including their relatives or about interest in any company, or companies or bodies corporate, firms, or other associations of individuals.

The company shall keep and maintain a register, physically or electronically, as may be decided by the board of directors, giving separately the particulars of all contracts or arrangements to which the policy applies.

Appropriate disclosures as required under the Act, the Listing Regulations and the Accounting Standards, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company as part of the Board's Report.

15. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations / the Act or any other statutory enactments, rules, the provisions of such Listing Regulations / the Act or statutory enactments, rules shall prevail over this Policy.

16. DISSEMINATION OF POLICY

This Policy will be communicated to all Directors, KMPs and other concerned persons of the Company.

This Policy will be uploaded on the website of the Company namely, www.chothanifoodslimited.com. The provisions of this Policy can be amended/modified by the Board of Directors of the Company from time to time and all such amendments/modifications shall take effect from the date stated therein.

The Company will also submit disclosures of Related Party Transactions, including details of ratification of any such transactions, if any, to the stock exchanges as prescribed by SEBI LODR and publish the same on its website mentioned above.

The remuneration and sitting fees paid by the Company or its subsidiary to its Director, Key Managerial Personnel or Senior Management, except who is part of promoter or promoter group, shall not require disclosure to stock exchanges, provided that the same is not a Material Related Party Transaction under SEBI LODR.

Approved and last amended on 29th May, 2025.