

APEX FROZEN FOODS LIMITED

RELATED PARTY TRANSACTION POLICY

1. PREFACE

Apex Frozen Foods Limited (the Company) recognizes that the Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stockholders' best interests.

Hence, keeping in view the frequency of transactions entered by the Company with the related parties, the Board has thought to adopt a policy on related party transactions to ensure high level of transparency in all its business dealings, thereby promoting good Corporate Governance.

The Company has been entering into the transactions with its related party and group companies in the ordinary course of business and on arms length basis. These transactions were reported to the Audit Committee on quarterly basis.

The Company also has a Code of Conduct for all employees, officers and directors of the Company, which emphasizes that all possible conflicts of interest should be avoided.

Therefore, it is found appropriate to adopt a policy regarding the review and approval of Related Party Transactions in order to set forth the procedures under which certain transactions must be reviewed, approved or ratified.

2. PURPOSE & SCOPE

- 2.1. The policy is intended to provide guidance to the Executive Officers and Directors of the Company to help them recognize and deal with actual or apparent conflicts of interests.
- 2.2. This policy is framed in accordance with the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulation, 2015 to ensure the proper approval and reporting of transactions between the Company and its related party.
- 2.3. This Policy is applicable to all Related Party Transactions as per Companies Act, 2013 and Listing Regulations

3. DEFINITIONS

- 3.1 “Act” means The Companies Act, 2013, as amended from time to time.
- 3.2 “Company” means Apex Frozen Foods Limited.

3.3 “**Audit Committee**” means Audit Committee constituted by the Board, from time to time, under Section 177 of the Companies Act and the Listing Regulations.

3.4 “**Board of Directors**” or “**Board**” means the board of directors of the Company, as constituted from time to time.

3.5 “**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

3.6 “**Related party**” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 and includes;

(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 (20%) or more; or

(ii) of ten per cent (10%) 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.

3.7 “**Related party transaction**” means a transaction involving a transfer of resources, services or obligation, irrespective of whether a price is charged or not and included a single transaction or a group of transactions in a contract, 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

It also includes the transactions as defined under the Companies Act, 2013.

3.8 “**Material related party transaction**” a transaction with a Related Party where the transaction(s) 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 (5%) of the annual consolidated turnover of the Company as per its last audited financial statements or any such percentage as provided in the Listing Regulation from time to time.

3.9 “Key Managerial Personnel” in relation to a company, means—

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed;

3.10 “Relative”, with reference to any person, means 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)
- (ix) Sister (including step-sister)

3.11 “Subsidiary” shall mean a subsidiary as defined under the Companies Act.

3.12 “Turnover” means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the Company during a financial year;

3.13 “Net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation

Explanation: *The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the preceding Financial year.*

Any other term not defined herein shall have the same meaning as defined in the Companies Act, the Listing Regulations, or any other applicable regulation.

4. Identification of Related Parties

- a) Each Director and Key Management Personnel shall disclose in Form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all the persons, entities in which he or she is interested, whether directly or indirectly.
- b) Each director and Key Management Personnel shall provide declaration, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made of:
 - its relatives
 - firms in which such Director/ Manager or his relative is a partner
 - private Companies in which a Director or Manager or his relative is a member or director
 - public companies in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid-up share capital
- c) Each Director and Key Managerial Personnel who is a related party with respect to a particular related party transaction shall disclose all material information to the Committee / Board concerning such Related Party Transaction and his or her interest in such transaction.
- d) The Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction. Committee / Board will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

5.1 Audit Committee approval:

- i. All Related Party Transactions, any modifications to transactions with Related Parties as per the provisions of the Act, and subsequent material modifications to transactions with Related Parties as defined under SEBI LODR shall require prior approval of the Audit Committee. Only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.
- ii. The Company shall provide to the Committee all relevant material information of all Related Party Transaction(s) as under:
 - a. Type, material terms and particulars of the proposed transaction;
 - b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);

- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
- details of the source of funds in connection with the proposed transaction;
 - where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
 - Justification as to why the RPT is in the interest of the listed entity;
 - A copy of the valuation or other external party report, if any such report has been relied upon;
 - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
 - Any other information that may be relevant.
- iii. After reviewing the proposed related party transactions, the audit committee shall approve or disapprove such RPT.
- iv. All Related Party Transactions to which subsidiary of Company is a party to but Company is not a party, the value of which exceeds the thresholds as prescribed under Regulation 23 of the Listing Regulations shall require prior approval of the Audit Committee.
- v. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with the conditions stipulated under the Act read with the Rules framed thereunder and the SEBI LODR including the following:
- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions (either in the past or in the future);
 - 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. The omnibus approval shall provide details of :

- the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed
- the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%), transactions which cannot be subject to the omnibus approval by the Audit Committee, if any and such other conditions as the Audit Committee may deem fit.
- However, in case of Related Party Transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed ₹ 1 crore per transaction;
- 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 approval shall be valid for a period not exceeding 1 financial year and shall require fresh approvals after the expiry of such financial year.

5.2 Board's approval:

Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to—

- 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

Exception: However, any of the aforesaid transactions shall not require prior approval of the Board of Directors provided the transaction is in the ordinary course of business and on an arm's length basis.

Disclosures required for obtaining Board approval

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- a) the name of the related party and nature of relationship;

- b) the nature, duration of the contract and particulars of the contract or arrangement;
- c) the material terms of the contract or arrangement including the value, if any;
- d) any advance paid or received for the contract or arrangement, if any;
- e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- g) any other information relevant or important for the Board to take a decision on the proposed transaction.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.3 Shareholders' approval:

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, and the Listing Regulations, as may be applicable, which are not in the ordinary course of business or not an Arms' length transaction shall also require the prior approval of the shareholders through ordinary resolution and no member of the Company shall vote on such special resolution, if such member is a related party.

All material related party transactions and subsequent material modifications to such material Related Party Transaction as defined under SEBI (LODR) 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.

Regulation 23 (5) (b) of the SEBI LODR and Section 188 of the Act provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly-owned subsidiary/ies whose accounts are consolidated with the Company. Hence, no approval shall be sought from the shareholders' for such Related Party Transactions.

Regulation 23(5)(c) of the SEBI LODR, provides that the requirement for seeking shareholders' approval shall not be applicable to 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.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee.
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Details of transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary as provided to audit committee.
- d. A statement that the valuation or other external report, if any, relied upon by the company in relation to the proposed transaction will be made available through the registered email address of the shareholders;

- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

6. Exemption to Related Party Transaction

(i) The following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- a. payment of dividend;
- b. subdivision or consolidation of securities;
- c. issuance of securities by way of a rights issue or a bonus issue; and
- d. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Act, or SEBI LODR.

(ii) Reimbursement of expenses incurred in the course of routine business operations, including repairs, maintenance, travel, etc., at actuals

(iii) Any transaction that involves the providing of compensation, if approved by the Board Nomination & Remuneration Committee, 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.

(iv) Any scheme of loans/benefits availed by Key Managerial Personnel, which is applicable to all the employees of certain management level, which are as per the policy of Company.

(v) Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly-owned subsidiaries or other Related Parties;

(vi) Acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board;

(vii) Issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

- 7.1. In the event the Company becomes aware of a Related Party Transaction that has not been approved by the Committee, the matter shall be reviewed subsequently by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall examine the facts and circumstances pertaining to the failure of reporting of such Related Party Transaction to the Committee and shall take any such action it deems appropriate.

8. RATIFICATION OF THE UN-APPROVED TRANSACTIONS

8.1 If any contract or arrangement is entered into by the Director or any other employee with any related party without obtaining the consent of the Board or shareholders as the case may be, the transaction shall be ratified by the Board/Shareholders at meeting within three (3) months from the date of entering into contract or arrangement.

8.2 If the transaction is not ratified within the said time period, then it shall be voidable at the option of the Board. If the contract or arrangement is with related party to any director or is authorised by any other director, the Directors concerned shall indemnify the Company against any loss incurred by it.

8.3 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.

9. DISCLOSURE REQUIREMENTS:

9.1 All the prospective contracts/arrangements with related parties shall be disclosed to the Company Secretary/CFO in advance.

9.2 All the Related Party Transactions requiring the Board / shareholders approval shall be disclosed in the Board report along with justification for entering into such transactions.

9.3 Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

9.4 Details of Related Party Transactions during the quarter shall be disclosed in the Audit Committee Meeting.

9.5 As required under Regulation 23(9) of the SEBI LODR, the Company shall submit to the stock exchanges on a half-yearly basis, within the timelines as prescribed by SEBI from time to time, the disclosures relating to Related Party Transactions in the format as specified by SEBI from time to time and publish the same on the website of the Company.

9.6 The Policy shall also be disclosed on the website and also in the Annual Report of the Company.

10. AMENDMENT

The Board may, subject to applicable laws, amend, suspend or rescind this Policy at any time and in any case, the Policy shall be reviewed by the Board at least once every three years and updated accordingly.

In the event of any conflict between the provisions of this Policy and of the applicable law(s) dealing with the Related Party Transactions, such applicable law(s) as may be in force from time to time shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.