



**AVI ANSH TEXTILE LIMITED**

**Policy on Materiality of Related Party Transactions**

<b>Version</b>	<b>Relevant Date</b>	<b>Nature and Reasons of Change</b>	<b>Approved by</b>
1.	Original Approval date - March 14, 2024		Board of Directors
2.	Revision date – March 06, 2026	Policy is reviewed to align with the recent amendments made to SEBI LODR Regulations	Board of Directors

## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

### **BACKGROUND**

In terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) (*"Listing Regulations"*) every listed entity shall formulate a Policy on materiality of Related Party Transactions and dealing with the related party transactions. So considering the requirements, the Company has enacted a Policy on Materiality of Related Party Transactions and dealing with the Related Party Transactions (*"Policy"*) in line with Listing Regulations and Companies Act, 2013.

### **OBJECTIVE**

This policy has been framed to deal with various related party transactions which includes but not limited to material Related Party Transactions or Transaction which are not in the ordinary course of business or on an Arm's Length basis.

This policy aims to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This policy deals with identification of the Related Parties, materiality threshold for related party transactions and the manner of dealing with the transactions with Related Parties by the Company keeping in view the provisions of the Act and Listing Regulations

### **DEFINITIONS**

**"Materiality of Related Party Transactions"** means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds thresholds specified in Schedule XII of SEBI LODR Regulations.

However, Our company being listed on the SME Exchange, 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 Rupees fifty crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

**"Material Modification"** means any variation / modification in any existing related party transaction / contract / arrangement, the financial effect of which is an increase in the value of the related party transaction / contract / arrangement by 10% or more of the value of such related party transaction.

**"Related Party"** will have the same meaning as defined under Section 2(76) of the Act and/or Regulation 2(1)(zb) of SEBI LODR Regulations.

**"Relative"** in relation to the related party shall have the same meaning as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of The Companies (Specification of definition details) Rules, 2014.

**"Related Party Transaction"** as defined under the relevant provisions of the Act and / or the SEBI LODR Regulations, as amended, from time to time.

Any other term not specifically defined hereinabove shall have the same meaning as defined under the Act, SEBI (Listing Obligations and Disclosure Requirement) Regulations, Securities Contracts (Regulation) Act, 1956 and/or any other applicable laws or regulations.

## **IDENTIFICATION OF RELATED PARTIES**

The Managing Director, Chief Executive Officer, Chief Financial Officer and Company Secretary are responsible for compiling and maintaining the list of Related Parties as covered under Section 2(76) of the Companies Act and Regulation 2 (zb) of SEBI LODR Regulations as well as the applicable Accounting Standards. This list of Related Parties shall be updated on a regular basis and further changes, if any, shall be considered as soon as possible.

All Directors as well as KMP are responsible for informing the Company of any potential Related Party Transaction involving him or her or his or her Relative, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have 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 (or such other person who may be entrusted for this purpose by the Audit Committee/ Board) 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/Board) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee / Board.

## **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

### **Review and approval of Audit Committee:**

#### **(a) (i) All related party transactions and subsequent material modifications shall require prior approval.**

In case of related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party:

a. shall require prior approval of the audit committee of the Company if the value of such transaction, exceeds the lower of the following:

- i. ten per cent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- ii. the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI LODR Regulations.

b. the subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

- i. ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- ii. the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI LODR Regulations:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

- Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI LODR Regulations are applicable to such listed subsidiary.

However, for related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the audit committee of the listed subsidiary shall suffice.

- Approval of the audit committee shall not be required for transaction with respect to remuneration and sitting fees paid by the listed entity or its subsidiary to its directors, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the said transaction is not material in terms of regulation 23(1) of SEBI LODR Regulations.

- The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- a. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- b. the transaction is not material in terms of the provisions of regulation 23(1) of SEBI LODR Regulation;
- c. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- d. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of regulation 23(9) of SEBI LODR Regulation;
- e. any other condition as specified by the audit committee

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

(ii) The audit committee may grant omnibus approval in accordance with the provisions of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 (3) of the SEBI LODR Regulations for related party transactions proposed to be entered between the Company or its subsidiary which are repetitive in nature.

The audit committee would review on a quarterly basis the aforesaid related party transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given. Such omnibus approval be valid for a period of not exceeding one year and shall require fresh approval after the expiry of one year.

Further, where the need for related party transaction cannot be foreseen, the audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(b) Related party transaction which is not in the ordinary course of business and/or not on arm's length basis shall also require prior approval of the Board. Further, if the said transaction crosses threshold limit as prescribed under the Act, shall require approval of the Shareholder's in addition to approval of the audit committee and Board.

(c) All material related party transactions and subsequent material modifications shall require prior approval of the shareholders and no related party shall vote to approve such resolution.

Further, prior approval of the shareholders of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI LODR Regulations are applicable to such listed subsidiary.

(d) 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.

(e) No related party shall vote to approve on such resolutions whether the entity is a related party to the particular transaction or not.

(f) Only those members of the Audit Committee who are Independent Directors shall approve related party transactions

## **DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS**

The Company shall make appropriate disclosures/ reporting with respect to related party transactions, as per the applicable provisions of the Act and Listing Regulations.

The Company shall also maintain relevant register(s) for recording particulars of all such transactions, contracts or arrangements with the related parties as per the relevant provisions of the Act.

## **AMENDMENT**

Any revision in the Policy shall be approved by the Audit Committee and/or Board of Directors of the Company. They also shall have the right to withdraw and/ or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time.

In case any provisions of the Policy are contrary to or inconsistent with the provisions of the Companies Act, 2013 and/or Listing Regulations, the provisions of foregoing shall prevail.

## **DISSEMINATION OF THE POLICY**

The policy shall be hosted on the website of the Company i.e. [www.avianshgroup.com](http://www.avianshgroup.com)

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*Effective Date: March 06, 2026*

*Date of Approval by Board of Directors: March 06, 2026*