MEGASTAR FOODS LIMITED
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POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

TITLE:

This Policy shall be called '**Policy on materiality of and dealing with Related Party Transactions**'.

OBJECTIVE:

MEGASTAR FOODS LIMITED (hereinafter referred to as "the Company") is mainly engaged into bulk food processing, producing a wide range of wholesome Wheat Flour Products. As a part of the business activity, the Company deals with entities which are related parties. The Company recognizes that Related Party Transactions (as defined below) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company's and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013 and Rules made thereunder ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time.

The Company does not encourage nor does it endorse entering into any transaction with any other person or entity with the intent of benefiting a Related Party, as envisaged under the definition of Related Party Transaction.

In this regard, the Audit Committee of the Company may require the Directors and / or Personnel of the Company /its subsidiary, if any, and /or other person as it may, at sole discretion, deem fit or expedient, to provide such confirmation(s) and /or undertaking(s) as the Audit Committee may deem necessary.

The Board of Directors of the Company has adopted this Policy upon the recommendation of the Audit Committee, and the said Policy includes the materiality threshold(s) and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of the Act and Listing Regulations, as amended from time to time.

DEFINITIONS:

"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.

"Audit Committee" or "Committee" means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the Listing Regulations and the Act, as amended from time to time.

"Board" means the Board of Directors of Megastar Foods Limited.

"Company" means Megastar Foods Limited.

"Key Managerial Personnel" means Key Managerial Personnel of the Company ("KMP") as defined in Section 2(51) of the Act.

"Subsidiary" means a Company as defined under section 2(87) of the Act, and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and by Accounting Standard (AS) 18, "Related party disclosures.

"Material Related Party Transaction" means 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 **the thresholds specified in Schedule XII of the Listing Regulations.**

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 of the Annual Consolidated Turnover of the Company** as per the last audited financial statements of the Company.

"Material Modification" means any modification to the existing Related Party Transaction which were approved by the Audit Committee or by the Board of Directors or Shareholders, as the case may be, during the year which has the effect of increasing or decreasing the value of such Related Party Transaction by 25% or more.

"Ordinary course of business" would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum & Articles of Association.

"Policy" means this Policy, as amended from time to time.

"Promoter" and "Promoter Group" shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of Regulations 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

"Related Party" means a related party as defined under the Act and Regulation 2 (1) (zb) of the Listing Regulations, and rules made thereunder and the Listing Regulations, as amended from time to time.

"Related Party Transactions" or "RPTs" shall mean such transactions as specified under the Act and rules made thereunder and Regulation 2(1)(zc) of the Listing Regulations, including any amendment or modification thereof, as may be applicable.

"Relative" means a relative as defined under Section 2(77) of the Act and Regulation 2(1)(zd) of the Listing Regulations.

"Senior Management" means officers and personnel of the Company as defined under Regulations 16(1)(d) of the Listing Regulations.

"Transaction" with a related party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or any other applicable law or regulation.

DECLARATION BY DIRECTORS / PROMOTERS / KMP

Every Director will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Firm(s) in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or a Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% its of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions (other than advice, directions or instructions obtained in professional capacity);

6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity);

7. He / She will not cause or solicit any person or entity to enter into any transaction with the Company or any of its subsidiaries the purpose and effect of which is / will be to benefit him/her and/or any other person who is a related party of the Company and/or its subsidiaries through him/her.

8. In case, he/she comes to know of any transaction entered into by any person or entity with the Company and/or its subsidiaries, the purpose and effect of which is to benefit him/her and/or any other person who is a Related Party of the Company and/or its subsidiaries through him/her, he/she shall immediately inform the Company and/or the concerned subsidiary of the Company, of such transaction and declare his/her interest or concern therein.

9. He/ She confirm and undertake that they have not entered into any agreement with any shareholder, promoter, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or any of its subsidiary or associate company or with the Company or with any third party whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, whether or not the Company is a party to such agreement(s); and

10. In case he/she enter into any such agreement or in case there is any rescission, amendment or alteration of such agreement, he/she shall immediately inform the Company about entering into such agreement or about any recession, amendment or alteration to such agreement.

Further, the Promoter(s) or any person or entity forming a part of Promoter or Promoter group of the Company will be responsible for providing a declaration containing the following information on annual basis and whenever there is a change in the information provided:

1. Name (former name), address and contact details;

2. PAN number or CIN number or registration number.

Every KMP of the Company will be responsible for providing a declaration containing the following information to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relatives;

2. Firms in which he / she or his / her Relative is a partner;

3. He/She will not cause or solicit any person or entity to enter into any transaction with the Company or any of its subsidiaries the purpose and effect of which is / will be to benefit him/her and/or any other person who is a related party of the Company and/or its subsidiaries through him/her.

4. In case, he/she comes to know of any transaction entered into by any person or entity with the Company and/or its subsidiaries, the purpose and effect of which is to benefit him/her and/or any other person who is a Related Party of the Company and/or its subsidiaries through him/her, he/she shall immediately inform the Company and/or the concerned subsidiary of the Company, of such transaction and declare his/her interest or concern therein.

5. He/ She confirm and undertake that they have not entered into any agreement with any shareholder, promoter, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or any of its subsidiary or associate company or with the Company or with any third party whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, whether or not the Company is a party to such agreement(s).

6. In case he/she enter into any such agreement or in case there is any rescission, amendment or alteration of such agreement, he/she shall immediately inform the Company about entering into such agreement or about any recession, amendment or alteration to such agreement.

Every Director, KMP, officers authorized to enter into contracts/ arrangements will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction.

They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.

Further, every Director, KMP, Promoter, Promoter Group or any other person dealing with the Company shall disclose to the Company all information that is relevant and necessary for the Company to ensure compliance with the applicable laws, from time to time.

Besides the above, the Company will also identify other Related Parties as required under the Act and the Listing Regulations.

All Related Party Transaction of the Company will be regulated as per this Policy.

APPROVAL OF RELATED PARTY TRANSACTIONS:

1. All Related Party Transactions and subsequent modification(s) shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder.
2. Only those Members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.
3. 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:

    i. 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;

    ii. the transaction is not material in terms of this Policy;

    iii. rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;

    iv. the details of ratification shall be disclosed along with the half-yearly disclosures of Related Party Transactions made to the Stock Exchanges;

    v. 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 Company against any loss incurred by it.

4. A 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 a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:

    (i) ten percent 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 these regulations.

5. 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 Listing Regulations are applicable to such Listed Subsidiary.

6. The Remuneration and Sitting Fees paid by the Company or its subsidiary to its Director, KMP or Senior Management, except who is part of Promoter or Promoter Group, shall not require approval of the Audit Committee as per Listing Regulations provided that the same is not material in terms of this Policy. Further, such transactions would also not be required to be disclosed in Half Yearly disclosure of Related Party Transaction(s) provided that the same is not material in terms of this Policy.

   Although the aforesaid payment of Remuneration and Sitting Fees by the Company or its subsidiary has been exempted from obtaining approval of the Audit Committee under Listing Regulations, the Company would continue to obtain prior approval of the Audit Committee for the same under the provisions of the Act.

   A Related Party Transaction covers a transaction between the Company or any of its subsidiary(ies) 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 Company or any of its subsidiary(ies).

   Further, in case of transaction, other than transactions referred to in Section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

Where the Company and /or any of its subsidiaries enters into a contract / transactions with a related party, which stipulates details of every transaction like nature of the transaction, period of transaction, contract price or methodology of price determination, maximum amount of transaction, credit terms etc., prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any additional approval of the Audit Committee unless the Company proposes to enter into Modification of the referred contract/transaction with a Related Party or the concerned subsidiary proposes to enter into Material Modification of the referred contract/transaction with a Related Party.

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 the Policy and such approval shall be applicable in respect of transactions which are repetitive in nature (in past or in future);

The Audit Committee shall satisfy itself regarding 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 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 their value not exceeding Rs. One Crore per transaction.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. However, the Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

These provisions shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary Company.

A Member of the Committee who has an interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered.

The Board would approve such Related Party Transactions as are required to be approved under Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

Where any director is interested in any Related Party Transaction, such director will not remain present at the meeting when such Related Party Transaction is considered.

The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transaction(s) on an annual basis.

In determining whether approval needs to be accorded to a Related Party Transaction, the Board/ Audit Committee will consider the following factors with respect to the Company and/or the subsidiary, as the case may be:

- Whether the terms of the Related Party Transaction are fair to the Company / subsidiary, as the case may be and would apply on the same basis as if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company / subsidiary, as the case may be to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
- Whether the Related Party Transaction would present a conflict of interest for any Director, or KMP of the Company / subsidiary, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship; and
- Any other factors the Board/ Audit Committee deem fit to consider.

Further, all Material Related Party Transaction(s) and its subsequent Material Modification(s) shall require prior approval of shareholders of the Company 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 (unless it is exempted pursuant to the provisions of Listing Regulations).

Provided that 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 Regulations 15(2) and 23 of the Listing Regulations are applicable to such Listed Subsidiary.

Explanation: For Related Party Transactions of unlisted subsidiaries of a Listed Subsidiary of the Company as referred above, the prior approval of the shareholders of the Listed Subsidiary shall suffice.

Transactions exempted from prior approval of the Audit Committee and Shareholders

As provided in the Listing Regulations, the transactions entered into between:

(i) the holding Company and its wholly owned subsidiary whose accounts are consolidated with such holding Company and placed before the Shareholders at the General Meeting for approval;

(ii) 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

shall not be required to follow the provisions related to prior approval of Audit Committee of the Company or prior approval of Shareholders of the Company, as the case may be.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and / or not an Arms' length basis and beyond the threshold limits prescribed under Act shall also require the approval of Shareholders of the Company through resolution. The requirement of passing the resolution shall not be applicable for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the General Meeting for approval.

The voting rights of the interested and non-interested Related Parties shall be governed by the applicable provisions of the Act, Listing Regulations and any other applicable law, from time to time.

In case the Shareholders decide not to approve a Related Party Transaction, the Board/ Audit Committee, 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 to Shareholders for approval.

Minimum Information to be provided for review of the Audit Committee and Shareholders for approval of Related Party Transaction(s)

The Company shall ensure compliance with the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as made applicable by SEBI vide its Circular dated 26th June, 2025.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

The Company shall submit to the stock exchange(s) disclosures of Related Party Transactions in the format and timeframe(s) as specified by the SEBI, from time to time and the same will be published on website.

Every Related Party Transaction / contracts or arrangements that are:- i. material related party transactions and subsequent material modifications or ii. not at arm's length basis and/ or ordinary course of business, shall be referred to in the Board's report to the Shareholders along with justification for entering into such transaction as per the requirement of the Act.

The various business heads, strategic sourcing department, department heads or any person authorized to enter into any transaction on behalf of the company shall not undertake any transaction with related party unless they confirm that the transaction has prior approval of the Audit Committee and that the transaction is both in the ordinary course of business and at Arm's length basis. Any transaction not meeting the required criteria mentioned above should be brought to the notice of the Secretarial Department, Accounts Department and the CFO for seeking the requisite approvals.

AMENDMENTS

The Audit Committee may, for the purpose of aligning this Policy with the regulatory changes, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

The Board may also make any amendments to the Policy from time to time, based on the recommendations of the Audit Committee.

Further, the Board may review this Policy from time to time as prescribed under the Act or Listing Regulations.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

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.

DISSEMINATION OF POLICY

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

All Related Party Transactions will be subject to following approval matrix, as may be applicable

Provisions	Approval Required			Remark
	Audit Committee	Board of Directors	Shareholders (Ordinary Resolution)	
Transactions in ordinary course of business and on annual arm's length basis up to 10% of annual consolidated turnover of the Company	√			
Transactions in ordinary course of business and on annual arm's length basis in excess of 10% of annual consolidated turnover of the Company	√	√	√	
Payments made to a Related Party with respect to brand usage or royalty up to 5% of annual consolidated turnover of the Company	√			
Payments made to a Related Party with respect to brand usage or royalty in excess of 5% of annual consolidated turnover of the Company	√	√	√	
Transactions either not in the ordinary course of business or arm's length basis				
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	√	√	√*	* Amounting to 10% or more of annual turnover
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	√	√	√*	* Amounting to 10% or more of net worth
Leasing of property of any kind.	√	√	√*	* Amounting to 10% or more of annual turnover
Availing or rendering of any services, directly or through appointment of agent	√	√	√*	* Amounting to 10% or more of annual turnover
Appointment to any office or place of profit in the company, its subsidiary company or associate company	√	√	√*	* Remuneration exceeds Rs. 250,000 per month
Underwriting the subscription of any securities of the company or derivatives thereof	√	√	√*	* Remuneration exceeds 1% of net worth
* Note: In case of shareholders' approval for such transactions, related parties that are parties to the contract shall abstain from voting.				