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POLICY AND PROCEDURES WITH REGARD TO MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. Preamble

The Board of Directors (the “Board”) of Sundrop Brands Limited (*formerly known as Agro Tech Foods Limited*) (the “Company” or “SBL”), adopts the following policy and procedures with regard to materiality of Related Party Transactions and on dealing with Related Party Transactions (RPT) (“RPT Policy”) and as defined below, in compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made thereunder and any subsequent modifications, amendments or re-enactment thereto (the “Act”) and Regulation 23 read with 2 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 and any subsequent modifications, amendments or re-enactment thereto (the “Listing Regulations”), in order to ensure transparency and procedural fairness of such transactions. Pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 notified on 9th November 2021, the RPT Policy is revised and amended as hereunder on February 12, 2026.

2. Objective

This Policy regulates all transactions between the Company and its Related Parties (as defined below). This Policy is intended to ensure proper approval 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.

Provisions of this policy are designed to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related persons/ parties. Further, the Board may amend this policy from time to time as may be required.

Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Listing Regulation and must be approved in the manner as may be decided by the Board of Directors.

The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the Policy once in three years and may amend the same from time to time.

3. **Definitions:**

- i. **“Board”** means the Board of Directors of the Company.
- ii. **“Related Party”** - means a related party as defined in the Section 2 (76) of the Companies Act, 2013 and Regulation 2(1) (zb) of the Listing Regulation. An entity shall be considered as related to the company if:
 - a. Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. Such entity is a related party under the applicable accounting standards.
- iii. **“Related Party”** means related party as defined in under section 2 (76) of the Act which are as follows:
 - a. a director or his relative;
 - b. a key managerial personnel or his relative;
 - c. a firm, in which a director, manager or his relative is a partner;
 - d. a private company in which a director or manager or his relative is a member or director;
 - e. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
 - f. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - g. any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- h. any body corporate which is-
 - A. a holding, subsidiary or an associate company of such company;
 - B. a subsidiary of a holding company to which it is also a subsidiary; or
 - C. an investing company or the venturer of the company;

The “investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- i. a director other than independent director or key managerial personnel of the holding company or his relative with reference to a company (as per Companies (Specification of definition details) Rules, 2014);
- j. any person or entity forming a part of the promoter or promoter group of the Company; or
- k. 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 Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year, shall be deemed to be a related party.

- iv. **“Relatives”** -with reference to a Director or KMP means persons as defined in Section 2(77) of the Companies Act, 2013 and rules prescribed thereunder, any person, means anyone who is related to another, if –
 - a. They are members of a Hindu Undivided Family;
 - b. They are husband and wife;
 - c. Father including step father
 - d. Mother including step mother
 - e. Son including step son
 - f. Son’s Wife
 - g. Daughter
 - h. Daughter’s Husband

- i. Brother including step brother
- j. Sister including step sister
- v. **“Related party transactions”** – shall have the meaning as defined under Section 188 of the Companies Act, 2013 read with Regulation 2 (1) (zc) of the Listing Regulations, as amended, and shall mean transactions / contracts / arrangement between the Company and its related parties which fall under one or more of the following headings:

a. As per Listing Regulation:

A related party transaction is a transfer of resources, services or obligations between:

- (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- (ii) the Company 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 Company or any of its subsidiaries, with effect from April 1, 2023;

- a. regardless of whether a price is charged and a "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."

Provided that the following shall not be a related party transaction:

- (a) the 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;
- (b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding such as:
 - 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 any of its subsidiaries by its Directors or employees without establishing any business relationship and at the terms which are uniformly applicable/ offered to all employee and directors.

Further, remuneration and sitting fees paid by the Company or its subsidiaries to its Directors, Key Managerial Personnel or Senior Management employees, except who is part of promoter, or promoter group shall not require approval of the Audit Committee provided the same is not material in terms of the provisions of the Regulation 23 of the Listing Regulations.

b. As per Section 188 of the Act:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchase or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit* in the Company, its subsidiary Company or associate Company; and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company;

“Office or place of profit” means any office or place—

- where such office or place is **held by a director**, if the director holding it **receives** from the company anything by way of remuneration **over and above** the **remuneration to which he is entitled as director**, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- where such office or place is held by an individual **other than a director** or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it **receives** from the company **anything by way of remuneration**, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

vi. “Control”: As defined as follows:

- As per Listing Regulation:** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- As per Section 2(27) of the Act:** shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

vii. “Material related party transactions as per Listing Regulations” 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, it crosses the applicable turnover-linked materiality threshold specified under Schedule XII of the Listing Regulations as amended from time to time as mentioned below:

Consolidated Turnover of the Listed Entity	Threshold
Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the listed entity
More than Rs. 20,000 Crore to upto Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
More than Rs.40,000 Crore	Rs. 3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5,000 Crores, 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 of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

viii. “Subsequent material modification” means any subsequent modification to any related party transaction shall be considered material if the value of such related party transaction(s) after such modification, whether 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**.

- ix. **“Transactions on arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- x. **“Key Managerial Personnel (“KMP)”** shall have the same meaning as defined under Regulation 2 (1) (o) of the Listing Regulations read with Section 2 (51) of the Companies Act, 2013, each as amended from time to time and includes;
- the Chief Executive Officer or the Managing Director or the Manager;
 - the Company Secretary;
 - the Whole-time Director;
 - the Chief Financial Officer
 - Any person so authorized and designated by the Board of Directors of the Company as KMP.
- xi. **“Associate Company”** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation- “significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.

- xii. **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and the Companies Act, 2013.
- xiii. **“Industry Standards”** shall mean 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 notified by the SEBI vide its circular dated February 14, 2025.
- xiv. **Ordinary course of business:** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board and the Audit Committee may lay down the principles of determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

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

4. **Policy**

In accordance with the provision of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 as amended from time to time, all proposed Related Party Transactions will be reviewed and approved by the Audit Committee, Board of Directors and shareholders of the Company, as the case may be and disclosed by the Company.

4.1 **Identification of Potential Related Party Transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that

the Board / Audit Committee may reasonably request. The Board / Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

A. Review and approval of Related Party Transaction

4.2.A.1 Audit Committee

All the transactions which are identified as Related Party Transactions in accordance with Section 188 read with Section 177 of the Companies Act, 2013 and Regulation 2(1)(zc) of the Listing Regulations **and any subsequent material modifications** should be pre-approved by the Audit Committee before entering into such transaction. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided:

- (a) with effect from November 18, 2025, 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 the Company is a party but the Company 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;
- (b) In the event of 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 Company is a party but the Company is not a party and such 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 Company as specified in Schedule XII of these 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.

Provided further that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time.

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

Explanation: it is clarified that the term holding company' refers to and shall be deemed to have always referred to a listed holding company.

The Audit Committee shall consider all the following factors, among others, while deliberating the Related Party Transactions for its approval:

- i. Whether the terms of the Related Party Transaction are at arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
 - ii. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - iii. Whether the Related Party Transaction would affect the independence of an independent director;
 - iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - v. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
 - vi. Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction, and the ongoing nature of any proposed relationship and any other factors the Board / Committee deems relevant;
 - vii. If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- 4.2.A.1. Any independent Director and member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. In case the dis-interested independent Directors and members of the Audit Committee do not constitute the quorum, those matters shall be referred to the Board of Directors for necessary approvals. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently.
- 4.2.A.2. The Audit Committee may grant omnibus approval for Related Party Transactions which are frequent and repetitive in nature and are in the normal course of business of the Company and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one

year.

- 4.2.A.3. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
- (i) repetitiveness of the transactions (in past or in future);
 - (ii) justification for the need of omnibus approval.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

- 4.2.A.4. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

- 4.2.A.5. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

- 4.2.A.6. The maximum value per transaction which can be approved by the Board under omnibus route will be same as per the materiality threshold as defined in the Policy. Should the value per transaction, through the omnibus route exceed the materiality threshold as defined in the Policy, the same shall be subject to approval of shareholders of the Company.

B. Board of Directors

- 4.2.B.1. As per the provisions of Section 188 of the Companies Act, 2013 In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

C. Shareholders

- 4.2.C.1. If a Related Party Transaction is (i) a material transaction or if there are any subsequent material modification of material related party transactions (as defined in this Policy) as per Regulation 23 of the Listing Regulations or, (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under the Companies Act, 2013 or Rules made thereunder and any other subsequent modifications /amendments thereof, it shall require shareholders' **prior** approval by a resolution. In such a case, no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Explanation: For related party transactions of unlisted subsidiaries of the listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

D. The provisions of regulation 23(2), (3) and (4) shall not be applicable in case of:

- (a). transactions entered into between a 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.
- (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.

E. Reporting of Related Party Transactions

4.2.E.1. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement

4.2.E.2. The disclosures of related party transactions shall be submitted to the stock exchanges in the format as specified by SEBI from time to time, and publish the same on its website. The Company shall make such disclosures within such timeframe as prescribed by SEBI from time to time.

5. Determination of Arm Length Price

The arm's length principle and the transfer pricing methodologies prescribed under the Indian Income-tax Act, 1961 ('IT Act') and any other subsequent modifications / amendments / enactments thereof, as well as associated domestic and international guidance shall be referred to determine arm length price relating to all related party transactions.

6. Disclosures

The Company shall comply with all reporting and disclosure requirements as may be prescribed from time to time in terms of applicable laws including the Industry Standards, the Companies Act, 2013 and Listing Regulations.

The Company shall disclose this policy relating to Related Party Transactions on its website and a web link shall be provided in the Annual Report.

The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/ stock exchanges from time to time within statutory timelines.

7. Limitation and Amendment

Any new regulation / circular issued by SEBI shall be deemed to have been included in the Policy immediately upon their issuance, without waiting for formal approval of the Board. The provisions in the Policy are in addition to, and not in derogation of, other applicable laws.

In case of any subsequent changes in the Companies Act or Listing Regulations or any other regulations which makes any of the provisions in this Policy inconsistent with the Companies Act or Listing Regulations, or any other regulations, then the provision of the Companies Act or Listing Regulations or other regulations would prevail over this Policy and the provisions of this Policy would be modified in due course to make it consistent with law. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.