AVI PRODUCTS INDIA LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction and Background AVI PRODUCTS INDIA LIMITED (the "Company") recognizes that 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 stakeholders' best interests.

2. Scope & Inclusion This policy sets definition of materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions.

3. Terms and References

   3.1 Related Party Transaction “Related Party Transaction” means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

   3.2 Related Party Transaction(s) of the Company Related Party Transaction(s) where the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party.

   3.3 Related Party Transaction(s) of the Subsidiary Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party but the Company is not a party.

   3.4 Materiality of Related Party Transaction(s)

   3.4.1. Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed lower of rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum or limit as may be prescribed under the Listing Regulations.

   3.4.2 A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction 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 statement of the Company.

   3.5 Material Modifications

3.5.1 Material modifications in relation to the Related Party Transaction(s) shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement as approved by the Audit Committee and / or Shareholders of the Company, by 10% or rupees fifty crore, whichever is higher.

3.6 Subsidiary "Subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013 ('Act'). All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

4. Policy

4.1 All Related Party Transaction(s) shall be entered on arms' length basis.

4.2 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee, the Board of Directors / Shareholders of the Company, as the case may be.

4.3 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the Listing Regulations, may deviate from the principle of arm's length, after obtaining approval from its audit committee and / or board of directors, as the case may be and approval of Audit Committee and Shareholders of the Company, if applicable.

4.4 All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations, the applicable Accounting Standards and other applicable laws, as amended from time to time.

4.5 All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

4.6 All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of the Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

5. Approval

5.1 All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.

5.2 All Related Party Transaction(s) of the Subsidiary exceeding the threshold as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

6. Amendment Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

7. Review This Policy will be reviewed as and when required but at least once in three years

This Policy was modified approved by the Board of Directors at its meeting held on August 24, 2026.