

AVRO COMMERCIAL CO LTD.

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

Introduction and Background

AVRO Commercial Co Ltd. (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

Scope & Inclusion

This policy sets definition of materiality of related party transactions and dealing with related party transactions.

Terms and References

Related party means:

- A person defined as Related Party under Section 2(76) of Companies Act, 2013
- A person defined under the applicable Accounting Standard dealing with Related Party Disclosures

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

Related Party Transaction means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and would include a transaction specified under Section 188 (1) of the Companies Act, 2013.

Materiality of related party transactions Contracts / arrangements with a related party shall be considered as “material related party contracts / arrangements if the transactions during a financial year under such contracts / arrangements exceed the threshold prescribed by SEBI Circular - CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 or any amendment thereof.

Policy

- I. All related party contracts / arrangements shall be entered on arms' length basis.
- II. In exceptional circumstances, where permitted by law, related party contracts / arrangements may deviate from the principle of arm's length, after approval from Audit Committee.
- III. All related party contract / arrangements shall comply with the Companies Act, 2013.
- IV. All related party contract / arrangements shall comply with SEBI (Listing Obligation and Disclosure Requirements), 2015.
- V. All related party contract / arrangements shall comply with Accounting Standards.
- VI. Approval of Audit Committee shall be taken for related party contracts/ arrangements as required under the Companies Act and SEBI (Listing Obligation and Disclosure Requirements), 2015.