**MODERN DAIRIES LTD.**

Corporate Office : 98-99, Sub City Centre, Sector 34, Chandigarh -160 022 (INDIA)

Tel. : +91-172-2609001, 2609002, Fax : +91-172-2609000

E-mail : info@moderndairies.com, CIN : L74899HR1992PLC032998

Regd. Office & Works : PB No. 3, 136 KM, G.T. Road, Karnal - 132 001 (Haryana)

POLICY ON RELATED PARTY TRANSACTIONS

PREAMBLE

Modern Dairies Limited ("the Company") has always been committed to good corporate governance practices. As a matter of practice, the Company follows arm's length basis in transacting business with its related parties which are in the ordinary course of business.

The Board of Directors has adopted this Policy upon recommendation of the Audit Committee. The said Policy includes materiality thresholds and the manner of dealing with Related Party Transactions ("the Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules thereunder and Regulation 23 of SEBI (LODR) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

OBJECTIVE

The Equity Listing Agreement with the Stock Exchange mandates formulation of a policy on materiality of Related Party Transactions and also on dealings with Related Party Transactions. This Policy has been framed for complying with this requirement.

DEFINITIONS

"Act" means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

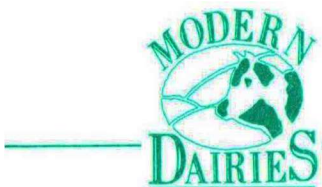
"Arm's Length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm's Length basis, guidance may be taken from the transfer pricing provisions under the Income-tax Act, 1961.

"Audit Committee" means committee of Board of Directors of the Company.

"Board of Directors" or **"Board"** means the Board of Directors of the Company.

"Company" means Modern Dairies Limited.

"Key Managerial Personnel" means the Key Managerial Personnel of the Company in terms of the Act.

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“SEBI (LODR) Regulation 2015” means Listing Regulations.

“Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crore or ten percent of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements of the Company. In case transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of annual consolidated turnover of the Company as per its last audited financial statements.

“Policy” means the current Policy on Related Party Transactions, including amendments, if any, from time to time.

“Related Party” means a person or an entity if:

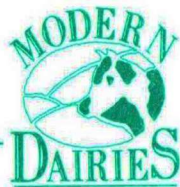
- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013;
- (ii) as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time;
- (iii) such entity is a related party under the applicable Accounting Standards;
- (iv) Any person or entity forming part of the promoter or promoter group of the Company irrespective of shareholding;
- (v) any person or entity holding 20% or more of shareholding in the company (with effect from 01.04.2022) or 10% or more (with effect from 1st April, 2023) either directly or on a beneficial interest basis as per Section 89 of the Companies Act, 2013 at any time during the immediately preceding financial year.

“Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged.

“Relative” means a relative as defined under the Act.

“Significant Influence” means control of at least 20% of the total voting power or control of or participation of business decisions under an agreement.

“Transaction” with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

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POLICY

All Related Party Transactions and subsequent modifications must be identified and reported to the Audit Committee and approved or referred for prior approval by the Audit Committee based on this Policy and also to Directors and shareholders for their approval, wherever necessary.

Key Managerial Personnel and Related Parties: Each Director and Key Managerial Personnel shall at the beginning of financial year disclose to the Company their Related Parties and disclose any changes thereto during the financial year as immediately as practicable. The Company shall also identify Related Party Transactions, if any, with Directors or Key Managerial Personnel of the holding company/ies or their relatives.

The Company will identify the potential transactions with the Related Parties.

However, the said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013 and the listing regulations.

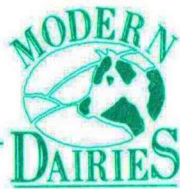
Review and approval of Related Party Transactions**A. Approval of Audit Committee:**

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature and are in the ordinary course of business and satisfy the Arm's Length basis, subject to the compliance of conditions contained in SEBI (LODR) Regulations, 2015.

Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

The Audit Committee Shall ensure:

- To lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- To satisfy itself 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.

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- To review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

To review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the Listing Agreement.

While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

B. Approval of Board of Directors:

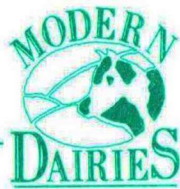
If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and shall review and approve the matter with such modifications as may be necessary or appropriate under the circumstances. However, this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

C. Approval of Shareholders:

All the Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through ordinary resolution if so required under any law and the Related Party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

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RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

DISCLOSURES

Details of any Material Related Party Transactions shall be disclosed to the stock exchange quarterly along with the compliance report on corporate governance.

The Company shall also submit enhanced disclosure of information related to RPTs to the stock exchanges every six months in the format specified by the SEBI with the following timelines:

- within 15 days from the date of publication of financials w.e.f. April 1, 2022
- Simultaneously with the financials w.e.f. April 1, 2023.

The Company shall disclose the Policy on its website and web-link shall be provided in the Annual Report.

AMENDMENT IN LAW

Any subsequent amendment/ modification in the Listing Agreement and/or applicable laws in this regard shall automatically apply to this Policy. The policy may be reviewed at least once in 3 years unless requires earlier modification.