

INNOTERRA LIMITED
(FORMERLY KNOWN AS MILKLANE DAIRY SERVICES PRIVATE LIMITED)

CIN: U52101MH2015PLC269084

Website: www.innoterra.in

Policy on Materiality of Related Party Transactions and Dealing

Date of Original adoption / Revision	Effective date of Policy
Adoption:	23-06-2026
Revision:	

DEFINITIONS AND INTERPRETATION

1. Definitions

In this Policy, unless the context otherwise requires:

“Audit Committee” shall mean the committee of Board constituted in pursuance of Section 177 of the Companies Act and Regulation 18 of SEBI Listing Regulations;

“Board” shall mean the board of directors of the Company;

“Companies Act” shall mean the Companies Act, 2013 including any statutory modification or re-enactment thereof;

“Company” shall mean Innoterra Limited (formerly known as MilkLane Dairy Services Private Limited); **“Director(s)”** shall mean a member of the Board;

“Key Managerial Personnel” shall mean the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Companies Act;

“Material Modification”, in relation to a Related Party Transaction approved by the Audit Committee or a material Related Party Transaction approved by the shareholders of the Company, as the case may be, shall mean any change (increase or decrease in the consideration for such transaction, taken individually or together with such Related Party in the financial year any variation over and above the monetary limits already approved by the Audit Committee or shareholders of the Company, as the case may be and amounting 10% the value of transaction in each case, over and above the preapproved limits

“Material Related Party Transaction” shall have the meaning ascribed to it in Clause 4.2 hereof;

“Ordinary Course of Business” with reference to a transaction with a related party shall

1. mean a transaction which is:

- i. carried out in the normal course of business envisaged in accordance with the memorandum of association of the Company as amended from time to time;
- ii. historical practice and repetitive/frequent in nature;
- iii. normal and otherwise routine in the particular business;
- iv. common in a particular industry;
- v. in furtherance of business objectives and/or business purposes of the Company;
- vi. meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time;

“Policy” shall mean this Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions, as amended from time to time;

“Related Party”, in relation to the Company shall mean a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act, Rules, SEBI Listing Regulations or under applicable accounting standards, each as amended;

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the Company; or
(b) any person or any entity, holding equity shares:

- (i) of twenty per cent or more; or
- (ii) of ten per cent or more, in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, at any time, during the immediate preceding financial year;

shall be deemed to be a related party;

“Relative” with reference to any person, shall mean anyone who is related to another person as defined under Section 2(77) of the Companies Act and applicable accounting standards, each as amended;

“Related Party Transaction” shall mean a transaction involving 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;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract, and includes transactions as defined as a “related party transaction” under the relevant provisions of the Companies Act, the SEBI Listing Regulations or any other related law, regulation, standard, each as amended;

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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - b. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (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

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(iv) buy-back of securities.

- c. retail purchases from the Company or any of its subsidiaries by the directors or key managerial personnel of the Company or any of its subsidiaries, and relatives of such directors or key managerial personnel without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel;

“Rules” shall mean the rules framed under the Companies Act, as amended from time to time;

“SEBI Listing Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

“Specified RPT” shall have the meaning ascribed to it in Clause 4.3.9. hereof.

2. INTERPRETATION

Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Rules, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

3. OBJECTIVES

Regulation 23 of the SEBI Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board.

Accordingly, the Board has adopted the following Policy with regard to related party transactions. The Policy has been prepared in accordance with Section 177 and Section 188 of the Companies Act and applicable provisions of the SEBI Listing Regulations. The Audit Committee will review this Policy on an annual basis and propose any modifications to the Board for approval. The Policy shall be reviewed by the Board at least once every three years.

4. PROCEDURE

Identification of Related Parties

- I. The Company shall identify Related Parties as per the requirement of the Companies Act and the SEBI Listing Regulations, and keep the list of Related Parties updated from time to time;

- II. Each Director, Key Managerial Personnel, and Promoter shall at the beginning of the financial year provide information by way of written notice to the Company regarding his/her concern or interest in the entity with specific concern to parties which may be considered as Related Parties with respect to the Company and shall also provide the list of Relatives which are regarded as Related Parties as per this Policy.
- III. Each Director, Key Managerial Personnel, and Promoter are also required to provide the information regarding their engagement with other entities during the financial year which may be regarded as a Related Party according to this Policy.
- IV. Each Director, Key Managerial Personnel, and Promoter is responsible for providing notice to the Company 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 Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.
- V. Each Director, Key Managerial Personnel, and Promoter shall make an annual declaration as per the provisions of the Companies Act and the Rules with respect to Related Party Transactions to the Company in the last month ending before the financial year and this declaration shall be placed before the Audit Committee and the Board at their first meeting held at the succeeding financial year.
- VI. Any change in the list of Relatives shall be intimated by the Each Director, Key Managerial Personnel, and Promoter by way of a fresh declaration to the Company.

Material Related Party Transaction

A Related Party Transaction shall be considered material if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year, exceed the thresholds specified in Schedule I of this Policy.

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 transaction(s) during a financial year, exceed 5 (five) per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders of the Company through a resolution and no Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not.

Omnibus approvals granted by 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 the Companies Act and Rules. In case of omnibus approvals for

Material Related Party Transactions granted by shareholders in general meetings other than the annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

Prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which a listed subsidiary of the Company is a party but the Company is not a party, if Regulations 23 and 15(2) of the SEBI Listing Regulations are applicable to such listed subsidiary.

Further, the requirement of prior approval of the shareholders of the Company would not be applicable in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognised stock exchanges within one day of the resolution plan being approved.

Review and approval of Related Party Transactions

All Related Party Transactions shall require prior approval of the Audit Committee. It is clarified that any Material Modification of an existing Related Party Transaction shall also require prior approval of the Audit Committee. Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

A Related Party Transaction above rupees 1 (one) crore, whether entered into individually or taken together with previous transactions during a financial year, to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction exceeds the lower of (i) 10 (ten) per cent of the annual standalone turnover of the subsidiary, or, (ii) the threshold for Material Related Party Transactions as specified in Schedule I of this Policy.

A Related Party Transaction above rupees 1 (one) crore, whether entered into individually or taken together with previous transactions during a financial year, to which a subsidiary of the 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 1 (one) year, prior approval of the Audit Committee shall be obtained if the value of such transaction exceeds the lower of

- (i) 10 (ten) percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary (taken as on a date, not older than three months prior to the date of seeking approval of the Audit Committee), or,
- (ii) the threshold for Material Related Party Transactions as specified in Schedule I of this Policy.

Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which a listed subsidiary of the Company is a party but the Company is not a party, if Regulations 23 and 15(2) of the SEBI Listing Regulations are applicable to such listed subsidiary.

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Further, the remuneration and sitting fees paid by the Company or its subsidiary to its directors, key managerial personnel or senior management, except directors, key managerial personnel or senior management who are promoters or part of the promoter group, shall not require approval of the Audit Committee provided that the same is not a Material Related Party Transaction.

The Audit Committee may grant omnibus approval to one or more proposed Related Party Transactions.

Such omnibus approval shall be subject to the following conditions:

- a. The proposed Related Party Transaction(s) is/are repetitive in nature and the Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- b. The maximum value of the Related Party Transactions, in aggregate, which can be allowed under the omnibus route in a financial year shall not exceed 10 (ten) percent of annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- c. Further, the maximum value per Related Party Transaction which can be allowed under the omnibus route shall not exceed 10 (ten) per cent of annual consolidated turnover of the Company as per the last audited financial statements of the Company
- d. Such omnibus approval shall specify (i) the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into, (ii) the indicative base price/current contracted price and the formula for variation in the price, if any; and (iii) such other conditions as the Audit Committee may deem fit;
- e. Provided that where the need for a Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to the transaction value not exceeding rupees 1 (one) crore per transaction.
- f. The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transactions entered into by the Company or its subsidiary, pursuant to each of the omnibus approvals given;
- g. Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of one year.
- h. Omnibus approval shall not be granted by the Audit Committee for the following:
 - (i) Related Party Transaction(s) in respect of selling or disposing off the undertaking of the Company; and
 - (ii) Related Party Transaction(s) with respect to brand usage or royalty payments.

Each Related Party Transaction and subsequent Material Modifications shall require prior approval of the Audit Committee or the Board or shareholders of the Company, as the case may

be, as required under and subject to the Companies Act and the SEBI Listing Regulations. The information in respect of proposed Related Party Transaction(s) along with complete details including name of the parties and details explaining the nature of relationship, nature and amount of the transaction, period of contract and particulars of the contract or arrangement, material terms of the transaction, manner of determining the pricing to ascertain whether the same is on an arm's length basis, business rationale for entering into such transaction, and any other relevant information shall be placed before the Audit Committee.

While assessing the proposal, the Audit Committee may seek such information/ supporting documents or get clarifications, as it may consider necessary.

In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b. Whether there are any compelling business reasons/rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction would affect the independence of an independent director;
- d. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- e. 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
- f. 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/ Audit Committee deems relevant.

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:

- (a) 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 1 (one) crore, and

- (b) the transaction is not a Material Related Party Transaction. The rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification.

A contract, arrangement or transaction, between a related party (as defined under the Companies Act) and the Company, as specified under Section 188(1) of the Companies Act, which is either 'not on an arm's length basis' or 'not in the ordinary course of business' ("Specified RPT"), shall also require approval of the Board as per the provisions of Section 188(1) of the Companies Act and the applicable provisions of the Rules.

Further, subject to the provisions of the Companies Act and Rules, the following Specified RPTs shall require approval of the shareholders of the Company by a resolution:

- a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10 (ten) per cent or more of the turnover of the Company, as mentioned in clause(a) and clause (e) respectively of sub-section (1) of Section 188 of the Companies Act;
- b) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10 (ten) per cent or more of net worth of the Company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188 of the Companies Act;
- c) Leasing of property of any kind amounting to 10 (ten) per cent or more of the turnover of the Company, as mentioned in clause (c) of sub-section (1) of Section 188 of the Companies Act;
- d) Availing or rendering of any services, directly or through appointment of agent, amounting to 10 (ten) per cent or more of the turnover of the Company, as mentioned in clause (d) and clause (e) respectively of subsection (1) of Section 188 of the Companies Act;
- e) Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000 (Rupees two lakh fifty thousand only) as mentioned in clause (f) of sub-section (1) of Section 188 of the Companies Act; or
- f) Contract or arrangement in respect of remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1 (one) per cent of the net worth of the Company as mentioned in clause (g) of sub-section (1) of Section 188 of the Companies Act;

Provided that the requirement of passing the shareholders' resolution as mentioned above 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.

Further, the provisions of Regulations 23(2), 23(3) and 23(4) of the SEBI Listing Regulations shall

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not apply to transaction(s) between the Company and its wholly-owned subsidiary/ies or, two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders of the Company at the general meeting for approval.

In the event the Audit Committee presents a Related Party Transaction before the Board, or if the Board suo-moto elects to review any Related Party Transaction or if a Related Party Transaction is required to be approved by the Board in pursuance of the Companies Act, Rules or SEBI Listing Regulations, the process set forth in this Clause 4 shall apply mutatis mutandis for approval of such Related Party Transaction by the Board, subject to such exceptions as may be necessary or appropriate under the circumstances.

Related Party Transactions not approved under the Policy In case the Audit Committee becomes aware of any Related Party Transaction that has not been approved as per the Policy, the matter shall be reviewed by the Audit Committee.

The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the said Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take such action as it may deem appropriate.

Disclosure of Related Party Transactions The particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under the Companies Act, Rules, SEBI Listing Regulations and other applicable laws.

Every contract or arrangement, which is required to be approved by the Board/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.

The details of material transactions with Related Parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.

The Company shall disclose this Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the annual report of the Company.

The particulars of Related Party Transactions should be entered in the register(s) maintained under the Companies Act, wherever applicable.

The Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results for the half year, of related party transactions, if any, to the stock exchanges on a consolidated basis, in the format specified in the relevant accounting standards for annual results and publish the same on its website. Provided however



that the remuneration and sitting fees paid by the Company or its subsidiary to its Director, Key Managerial Personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure provided that the same is not a Material Related Party Transaction.

7. AMENDMENT AND REVIEW

Subject to applicable laws, the Board may amend, suspend or rescind this Policy at any time. Any issues pertaining to the Policy shall be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and any applicable laws, such applicable laws in force, shall prevail over this Policy.

8. GENERAL

This Policy shall be made available on the website of the Company and a web-link thereto shall be provided in the annual report of the Company.

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SCHEDULE I

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 following:

Consolidated Turnover of Company	Threshold
(I) Up to ₹20,000 crore	10% of the annual consolidated turnover of the Company
(II) More than ₹20,000 crore to up to ₹40,000 crore	₹2,000 crore + 5% of the annual consolidated turnover of the Company above ₹20,000 crore
(III) More than ₹40,000 crore	₹3,000 crore + 2.5% of the annual consolidated turnover of the Company above ₹40,000 crore or ₹5,000 crore, whichever is lower.

For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.