

Date: 29.06.2020

To
Listing Department
National Stock Exchange of India
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai-400051

Symbol: AVROIND

Sub: Amendment of Related Party Transaction Policy and Nomination and Remuneration Policy

Dear Sir,

We would like to inform that Company in its Board Meeting held on June 29, 2020 i.e. today has amended the Related Party Transaction Policy and Nomination and Remuneration Policy.

Amended copy of Related Party Transaction policy is enclosed herewith as **Annexure-A** and Amended copy of Nomination and Remuneration Policy is enclosed herewith as **Annexure-B**.

You are requested to kindly take the above intimation on record.

Thanking You,

Yours Faithfully,

For Avro India Limited

Shikhar Agarwal
Company Secretary & Compliance Officer
Membership No: A46141

Encl: As Above

AVRO INDIA LIMITED

(Formerly known as AVON MOLDFRST LIMITED)

A-7/36-39, South of G.T. Road,
Indl. Area (Opp. Rathi Udyog Ltd.)
Ghaziabad-201009 (UP), India

Tel: 0120-4376091
Helpline: 9910039125
info@avrofurniture.com

www.avrofurniture.com

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POLICY ON RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“SEBI Regulations”)

1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”), “Avro India Limited” (“Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of Audit Committee. Going forward, the Audit Committee will review and amend the policy, as and when required, subject to adoption by the Board of Directors.

2. OBJECTIVE OF THE POLICY

The Objective of the Policy is to set out (a) the materiality thresholds for related party transactions; and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

“Act” means the Companies Act, 2013;

“Regulation 23” means the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

“Arm Length Transactions” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest;

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities which the Company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;

“Company” means Avro India Limited;

“Relative” with reference to a Director or KMP mean persons as defined in Section 2(77) of the Act and rules prescribed there under;

“Related party” have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Regulations;

However, any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall be deemed to be a related party.

“Related party Transactions” have the meaning as defined under Regulation 2(1)(zc) of the SEBI Regulations means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, including but not limited to the following:

- a. Sale, purchase or supply of any goods or materials;
- c. Leasing of property of any kind;
- d. Availing or rendering of any services;
- e. Appointment of any agent for purchase or sale of goods, materials, services or property;
- f. Underwriting the subscription of any securities or derivatives thereof, of the Company.

“Material Related Party Transactions” means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during the financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statement of the Company or Rs. 25 Cr. whichever is less.

However, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered as material related party transaction if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity or Rs. Two Crores., whichever is less.

“Key Managerial Personnel” or **“KMP”** shall have the meaning as defined in the Companies Act, 2013.

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

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

Identification of Related Parties

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

Identification of Related Party transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if and wherever necessary.

5. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

Approval of the Audit Committee

- A.** All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
- a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
 - i. Maximum value of transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii. The maximum value per transaction which can be allowed;
 - iii. Extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval;
 - iv. Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;

- v. Transactions which cannot be subject to the omnibus approval by the Audit Committee
- b. 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
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the Interest of the Company;
- d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at 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.

Provided that where the need for related party transactions cannot be foreseen and above details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction.

- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;
- f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year;

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

h. Any other conditions as the Audit Committee may deem fit.

B. In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 80% of the annual consolidated turnover of the company as per last audited financial statements;

b. The maximum value per transaction which can be approved under omnibus route will be the same as per the definition of Material Related Party Transaction ;

c. While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee /Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

i. Nature of the transaction i.e. details of goods or property to be acquired/transferred or services to be rendered/availed-including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;

ii. Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;

iii. Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction;

- iv. Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- v. Benchmarking information that may have a bearing on the arm's length basis analysis, such as :
 - Market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - Third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 - Management assessment of pricing terms and business justification for the proposed transaction;
 - Comparative analysis, if any, of other such transaction entered into by the Company.

APPROVAL OF BOARD OF DIRECTORS OF THE COMPANY

As per the provision of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval.

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;

- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;
- Material Related Party Transactions meeting which are intended to be placed before the shareholders for approval.

APPROVAL OF THE SHAREHOLDERS OF THE COMPANY

All the Material Related Party Transactions shall be placed before the shareholders for their approval.

For this purpose, all entities falling under the definition of Related Parties shall not vote to approve the relevant transactions on such resolutions whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 shall be placed before the shareholders for its approval.

Notwithstanding the foregoing, the following Related Party Transactions shall not require prior approval of Audit Committee or Shareholders, as may be applicable :

- i. 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
- ii. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- iii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- iv. Any transaction involving fees payable to the directors for attending the meetings of the Board or Committee of the Company within the limits prescribed under the Act and as already approved by the Board from time to time as per the applicable laws and other expenses connected to the same.

DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in the ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.

In addition to the above, the Company shall also provide details of all Material Related Party Transactions on a quarterly basis to the stock exchanges.

The Company shall also submit within thirty days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for the annual results to the stock exchanges and publish the same on its website.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this policy prior to its consummation, 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 related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this policy and the failure of internal control systems, and shall take any such action it deems appropriate.



In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

Such Policy shall be reviewed by Board of Directors at least once three years and updated accordingly.

COMPLIANCE RESPONSIBILITY

Compliance of this policy shall be the responsibility of the Officers of the Company who shall have the power to ask for any information or clarifications from the management in this regard.

AVRO INDIA LIMITED

NOMINATION AND
REMUNERATION POLICY
("NRP")

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1. PRELUDE AND LEGAL FRAMEWORK

Section 178 of the Companies Act, 2013 (“the Act”) and the provisions of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“Listing Regulations”) require the Nomination and Remuneration Committee (“NR”) of the Board of Directors of every listed company, among other classes of companies, to:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- Identify persons who are qualified to become Directors and who may be appointed in senior management and recommend to the Board their appointment and removal;
- Recommend to the Board a policy in relation to the remuneration for the Directors, Key Managerial Personnel and other employees;
- Carry out evaluation of performance of Board, its committees and individual directors either by itself, by the Board or by an Independent external agency and review its implementation and compliance;
- Carry out any other function contained in the Listing Regulations, as amended from time to time.
- Perform such other functions as may be necessary under any statutory or other regulatory requirements to be performed by the Committee and as delegated by the Board from time to time.

This Policy is divided into 3 parts:

- Part – A covers matters to be dealt with and recommended by the Committee to the Board;
- Part – B covers appointment and nomination; and
- Part – C covers remuneration and perquisites etc.

This policy shall be included in the Report of the Board of Directors.

2. PART A - MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The following matters shall be dealt by the NR Committee:-

(a) **Size and composition of the Board:**

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions;

(b) **Directors:**

Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board.

(c) **Succession plans:**

Establishing and reviewing Board and senior management succession plans;

(d) **Evaluation of performance:**

Make recommendations to the Board on appropriate criteria for evaluation of every directors performance.

(e) **Board diversity:**

Devising a policy on diversity of the Board of Directors;

(f) **Remuneration framework and policies:**

The Committee is responsible for reviewing and making recommendations to the Board on:

- the remuneration of the Managing Director, Whole-time Directors, KMPs and Senior Management.

Explanation- “senior management” shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the “managing director (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer:”.

- the total remuneration of Non-Executive Directors and for individual remuneration to Non- Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;

3. PART B – APPOINTMENT, REMOVAL OF DIRECTOR, KMP’S AND SENIOR MANAGEMENT

- Appointment criteria and qualifications

1. The Committee shall identify and ascertain, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment.
2. The Company shall not appoint or continue the employment of any person as Managing Director / Whole - Time Director or Manager who is below the age of twenty-one years or has attained the age of seventy years provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
3. The Company shall not appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.
4. A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
5. A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director, which shall be determined as follows:
 - The limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited

companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;

- For the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.

- **Term / Tenure**

1. Managing Director / Whole-time Director

The Company shall not appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment shall be made in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five years or more in the Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of five years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

- **Removal**

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement**

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position/ remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

4. **PART C - REMUNERATION FOR DIRECTORS AND KMPS**

1. The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.

2. The remuneration and commission to be paid to the Managing Director, Whole-Time Director and Manager shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder. The fees or compensation payable to executive directors who are promoters or members of promoters group shall be subject to the approval of shareholders in general meeting and in accordance with Listing Regulations.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director, Whole-Time Director and Manager.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

5. The remuneration to KMP's shall be decided and recommended by the NR Committee and approved by the Board of Directors.
6. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
7. The remuneration payable to each Non-Executive Director(s) is based on the remuneration structure as determined by the Board, and is revised from time to time, depending on individual contribution, the Company's performance, and the provisions of the Companies Act, 2013 and the rules made thereunder.
8. The remuneration to the Non-executive Directors (including Independent Directors) may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
9. The approval of shareholders by special resolution shall be obtained every year in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors giving details of remuneration thereof.
10. The Independent Directors shall not be entitled to any stock option of the Company.

5. COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

At Avro, the responsibility of Nomination and Remuneration is at the level of the Board of Directors of the company. The BOD shall constitute a Nomination and Remuneration Committee in compliance with Section 178 of the Act and Listing Regulations consisting of the following board members:

1. Chairperson (Independent Director)
2. Member (Independent/Non – Executive Director)
3. Member (Independent/Non – Executive Director)

Further that half of the members of the committee shall be Independent Directors.

The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

The Nomination and Remuneration Committee shall meet at least once in a year.

6. ROLES AND RESPONSIBILITIES OF THE NOMINATION AND REMUNERATION COMMITTEE

The Responsibilities of the Committee shall be such as prescribed under the Act and Rules made thereunder and Part D of Schedule II of the Listing Regulations (as amended from time to time).

7. DISCLOSURES

This policy shall be disclosed in the Board Report.

8. LIMITATION AND AMENDMENTS

The Board of Directors may in their discretion and on recommendation of the NR committee, make any changes/modifications and/or amendments to this Policy from time to time.

Requirements with respect to quorum, notice of meeting, documentation, etc shall be in conformity with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government, unless expressly stated otherwise.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.