

## **RELATED PARTY TRANSACTION POLICY**

### **1. Preamble**

The Board of Directors (the “Board”) of KORE FOODS LIMITED (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and all its Related Parties based on the applicable laws and regulations applicable to the Company.

### **2. Purpose**

This policy was framed as per the new amendments to Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and shall become effective from 1<sup>st</sup> October, 2014 and now the Listing Agreement is replaced with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, accordingly this policy is framed as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the applicable provisions of the Companies Act, 2013 and is intended to ensure for proper approval and reporting of transactions between the Company and its Related Parties. This revised policy is approved in the Board Meeting of the Company held on 12.05.2020. The transactions with related parties shall be entered into only if they are in the best interest of the Company and its shareholders. The Companies Act, 2013 requires that Report of the Board of Directors of the Company shall contain all the particulars of the contracts or arrangements with related parties. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires the Company to disclose the policy on dealing with Related Party Transactions on the website of the Company and a weblink to be provided in the Annual Report.

### **3. Definitions**

“**Company**” means Kore Foods Limited.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company.

“**Board**” means Board of Directors of the Company

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013

“**SEBI (LODR) Regulations**” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

“**Material Related Party Transaction**” means a transaction with related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, with effect from July 01, 2019 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 transactions

during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last financial statements of the Company.

**“Policy”** means Related Party Transaction Policy.

**“Related Party”** Regulation 2(zb) of SEBI (LODR) Regulations which is as follows:

a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

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

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

**“Related Party Transaction”** means a transfer of resources, services or obligations between a listed entity and a related party, 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;

**Provided** that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

**“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under;

Provided this definition shall not be applicable for the units issued by mutual fund which are listed on a recognized stock exchange(s).

## **1. Policy**

All Related Party Transactions shall require prior approval of the Audit Committee in accordance with this Policy.

All Related Party Transactions shall be placed before the Board for information. The approval of the Board and shareholders will be taken for all related party transactions, wherever required, under the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations.

### **1.1 Identification of Potential Related Party Transactions :**

Each director and Key Managerial Personnel is responsible for providing notice to the Board 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 the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Finance Department shall ensure that no related party transactions are processed without the approval of the Audit Committee and it shall be duty of the Finance Department to communicate all related party transactions in advance to the Company Secretary to enable to

take requisite approvals.

The Company strongly prefers to receive such notice of any potential Related Party Transactions well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

## **1.2 Prohibitions related to Related Party Transactions**

All Related Party Transactions shall require prior approval of Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. The omnibus approval shall specify
  - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can 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;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d. Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f. The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and /or SEBI (LODR) Regulations and /or transactions referred to it by the Audit Committee.
- g. All Material Related Party Transactions shall require approval of shareholders of the Company through resolution and the Related Parties shall abstain from voting on such resolution(s).
- h. All Related Party Transactions (other than Material Related Party Transactions) pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through resolution and the Related Parties shall abstain from voting on such resolution(s).

- i. The approval mechanism for Related Party Transactions shall be as stipulated in the SEBI (LODR) Regulations and/or Companies Act, 2013 and as amended from time to time.

### **1.3 Review and Approval of Related Party Transactions**

The audit committee shall review at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the terms of the Contract, and any other relevant matters.

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

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

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- i. 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 including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- ii. 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.
- iii. Any transaction that involves reimbursement of expenses between the related parties through debit note/credit note at actuals without any markup except for taxes that may be levied as per statutory requirements.
- iv. Transactions entered into between a holding company and its wholly owned subsidiary company whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

## **2. Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of 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 Committee also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate or inform or recommend to the Board of Directors as per the requirement of applicable laws and Regulations.

In any case, where the Audit Committee/Board of Directors determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee/Board, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

### **Amendments:**

The Audit Committee and Board of Directors may amend this policy if required but shall review this Policy atleast once in three years.