

Policy on Related Party Transaction

(Effective from 01.10.2014)

RELATED PARTY TRANSACTION POLICY

1. Preamble:

The Board of Directors (the "Board") of Kohinoor Foods Ltd (the "Company" or "KFL"), has adopted the following policy and procedures with regard to the Related Party Transactions as defined below. The Audit Committee shall review and may propose amendments to this policy as may be required.

The policy will be applicable to the Company. This policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the company. This policy shall become effective from 1st October, 2014.

2. Objective:

This policy is framed as per the requirement of Revised Clause 49 of the Listing Agreement ("RC49") entered into by the Company with the Stock Exchanges ("Listing agreement") and intended to ensure the proper approval and reporting of transaction between the Company and its Related Parties as determined under Listing Agreement, Companies Act, 2013 and rules prescribed there under ("Act"), and any other laws and regulations as may be applicable to the Company.

The Company is required to disclose in its Annual Financial Statements and Directors Report, certain transactions between the Company and Related Parties as well as policy relating thereto. The Related Party Transaction Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

3. Definitions:

"Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

"Associate Company" means a Company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and by Accounting Standard (AS) 18, "Related party disclosures".

"Audit Committee or Committee" means the Committee of the Board formed under section 177 of the Act and RC49.



Corp. Off. & Correspondence Add.: Pinnacle Business Tower, 10th Floor, Surajkund, Faridabad-121001, Haryana, Delhi-NCR (India)
Phone: +91-129-424-2222, Fax: +91-129-424-2233, E-mail: info@kohinoorfoods.in, Website: www.kohinoorfoods.in

Corporate Identity No. L52110DL1989PLC037097

Regd. Office: 201, Vipps Centre, Masjid Moth, Greater Kailash-II, New Delhi-110048 (India), Ph.: 011-29220330

"Board" means Board of Directors of the Company.

"Control" means control as defined in Section 2 (27) of the Act and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Company" means Kohinoor Foods Limited

"Key Managerial Personnel" shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and the Rules made thereunder and includes:-

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Whole-time Director;
- (iii) Company Secretary;
- (iv) Chief Financial Officer;

"Policy" means Related Party Transaction Policy.

"Material Related Party Transaction" means a transaction with a related party where 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.

"Related Party" as defined under RC49 is as under –

An entity shall be considered as related to the Company if :

- (i) Such entity is a related party under section 2 (76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable accounting standards. Section 2(76) of the Companies Act, 2013, as referred above, defines Related Party as –
 - (i) A Director or his relative;
 - (ii) A Key Managerial Personnel or his relative;
 - (iii) A firm, in which a director, manager or his relative is a partner;
 - (iv) A private company in which a director or manager is a member or director;
 - (v) A public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
 - (vi) Anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; [Except advice, directions or instructions given in a professional capacity]
 - (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act.[Except advice, directions or instructions given in a professional capacity]



(viii) Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.

(ix) A director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

“Relative”: with reference to any person, means who is related to another, if:-

- (i) They are members of a Hindu Undivided Family;
- (ii) They are Husband or wife or
- (iii) One person is related to the another in the following manner, namely:-

- a. Father, includes step-father.
- b. Mother, includes step-mother.
- c. Son, includes step-son.
- d. Son’s wife.
- e. Daughter.
- f. Daughter’s husband.
- g. Brother, includes step-brother.
- h. Sister, includes step-sister.

“Related Party Transactions”

As defined under RC49, means to include transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

As per Section 188 of the Act, shall means contracts or arrangements with related party with respect to :-

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (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) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

"Collectively the Related Party Transaction shall constitute the above."

Transactions in "ordinary course of business" shall mean and include-

- Transactions that are entered in the normal and usual course of business and are identical to the business of the company.

- Transactions that are reasonable in the context of the business of the company.

- Transactions that are part of the standard industry practice.

4. Identification of Related Party:

Each director and Key Managerial Personal is responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as "related Party" by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

5. 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. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

6. Terms of the Policy:

6.1 All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

6.2 All the Related Party Transactions proposed to be entered shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall accordingly recommend the Related Party Transaction for the approval of Board of Directors/ Shareholders as per the terms of this policy.

6.3 All the Related Party Transactions prescribed under Section 188 of Companies Act, 2013 and within the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, shall alongwith the Audit Committee Approval shall also require approval of the Board of Directors.

