



**PRIME FRESH LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS**

## **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 the Listing Agreement, PRIME FRESH LIMITED (“the **Company**”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, the Listing Agreement requires a 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 on meeting of the Board of Directors held on 28<sup>th</sup> March, 2017.. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

## **2. OBJECTIVE OF THE POLICY**

The objective of this 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, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

## **3. DEFINITIONS**

“**Arm’s length transaction (ALP)**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Related Party**”, with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

“**Related Party Transaction (RPT)**” means –

- For the purpose of the Act, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- For the purpose of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, 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.

“Relatives” with reference to any person, means anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other the following manner:
  - (a) Father (including step-father)
  - (b) Mother (including step-mother)
  - (c) Son (including step-son)
  - (d) Son’s wife
  - (e) Daughter
  - (f) Daughter’s husband
  - (g) Brother (including step-brother)
  - (h) Sister (including step-sister)

#### **4. RELATED PARTY TRANSACTION POLICY**

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

#### **ROLE OF AUDIT COMMITTEE**

1. All transactions which are identified as a related party transactions ('RPT') should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the RPTs for its approval.
2. All RPTs shall require prior approval of the Audit Committee. Approvals may be of the following two types:
  - a. Specific approval, in case of each RPT, where the RPT is non-repetitive in nature; and
  - b. Omnibus approval, in case of such RPTs which are repetitive in nature. However such omnibus approval must be given by the Audit Committee subject to the requirements under Regulation 23(3) of the Regulations and the criteria lay down by the Audit Committee with respect to granting of the omnibus approval.

#### **OMNIBUS APPROVAL BY AUDIT COMMITTEE**

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

#### **Role of the Board of Directors of the Company**

- The Board must monitor and manage any potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in RPTs.
- The Board must comply with the provisions of the Companies Act, 2013, with respect to the RPTs within the meaning of that Act.
- The Board must coordinate with the Audit Committee for effective compliance of the provisions relating to the RPT.
- It is the duty of the Board along with the Audit Committee to place all the material RPTs before the shareholders for their approval by means of a resolution.

#### **5. 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 Committee. The 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 shall 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.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

A transaction with a related party is considered material if the transaction transactions to be entered into, either individually or taken together with previous transactions with such related party 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.

#### **6. DISCLOSURE:**

All Directors/KMP are required to disclose the parties in which they are deemed to be interested in prescribed form.

Further, each Director and KMP of the Company shall promptly notify the Secretarial Department of any material transaction or Relationship that could reasonably be expected to give rise to a conflict of interest.

Every related party transaction, if required under law/ Listing Agreement shall be referred to in the Board's report along with the justification for entering into such contract or arrangement. The Company shall also maintain Register in the prescribed form.

The company shall disclose the policy on dealing with Related Party Transactions on its website and a web-link thereto shall be provided in the Annual Report.

#### **7. WHISTLE BLOWER FOR ANY RELATED PARTY TRANSACTION ENTERED BY COMPANY IN NON-COMPLIANCE OF SUCH POLICY:**

Any officer or employee, can approach access / approach the vigil mechanism or Company Secretary to report a fraudulent related party transaction.

#### **8. GUIDANCE PRINCIPLES FOR APPROVAL OF A RELATED PARTY TRANSACTION BY THE BOARD/COMMITTEE THEREOF:**

To review a Related Party Transaction, the Board/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 benefits to the Company and any other relevant matters. In

determining whether to approve or a Related Party Transaction, the Board/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 to the Company and 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 impair the independence of an otherwise Independent Director or Nominee of a Director;
- Whether the Related Party Transaction would present an improper conflict of interest for any Director, Nominee for Director or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, Nominee for Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's Nominee, Executive Officer'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. In any case where either the Board/Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board/Committee has authority to modify or waive any procedural requirements of this Policy.