



Baked with love, Just for you !

CREMICA AGRO FOODS LTD.
POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS
AND
DEALING WITH RELATED PARTY TRANSACTIONS

OBJECTIVE

The Board of Directors (the "Board") of Cremica Agro Foods Limited (the "Company") adopted the policy and procedures *with* regard to Related Party Transactions (RPTs) in compliance with the requirements of Section 188 of the Companies Act 2013 and Rules made there under including any subsequent modifications or amendments thereto (the "Act") and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations").

The objective of this policy is to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

This Policy is effective from December 1, 2015 and salient features of the Policy are as under:

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 conflict of interest

"Key Managerial Personnel" means a key managerial personnel as defined under the Companies Act, 2013 as under: 3 (i) the Chief Executive Officer or the Managing Director or the Manager; (ii) the Whole-time director; (iii) the Chief Financial Officer; (iv) the Company Secretary; and (v) such other officer as may be prescribed.

"Related Party Transaction (RPT)" means a transfer of resources, services or obligations between the Company 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.

"Related Party" means a related party as defined under Section 2(76) of the Companies Act, 2013 or under the applicable Accounting Standards.

"Accounting Standards" means the accounting standard as defined under Section 2(2) of Companies Act, 2013.

"Material Related Party Transactions"- Transaction with a Related Party shall be considered material if transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of annual consolidated turnover of the Company as per last audited financial statements of the Company.



Baked with love. Just for you !

CREMICA AGRO FOODS LTD.

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company,

- a. in the normal routine in managing trade or business,
- b. is permitted by the Memorandum of Association of the Company;
- c. the transaction fall under the purview of the business objectives, operational activities and/or financial activities or;
- d. meets any such other criteria as may be decided by the Board/Audit Committee

“Relative” means relative as defined under Section 2(77) of the Companies Act, 2013 and rules prescribed there under.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Regulations or any other applicable laws or Regulations to the extent applicable to the Company.

MANNER OF APPROVAL OF RELATED PARTY TRANSACTIONS

Audit Committee

1. All RPTs shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for RPTs 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 RPTs 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 regarding the need for such omnibus approval and that such approval is in the interest of the company;
- c. 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.

Provided that where the need for RPT 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. The Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into



Baked with love. Just for you !

CREMICA AGRO FOODS LTD.

by the company pursuant to each of the omnibus approvals 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.

2. The RPTs which are not in the ordinary course of business and not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors.

3. A RPT entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

Board of Directors

1. All RPTs, not done in ordinary course of business or at arm's length will require prior approval of the Board of Directors at their meeting.

2. The Board of Directors shall review, approve and recommend to the Shareholders for their approval, all transactions in terms of section 188(1) and material RPTs requiring prior approval of the shareholders.

3. The Board of Directors shall annually review, the details of all RPTs, including the terms of the transaction, the business purpose of the transaction and the benefits to the Company and to the relevant Related Party.

Approval of shareholders

1. The contracts or agreements with any Related Party which are not in the ordinary course of business and not at arm's length in respect of transactions specified in Section 188(1) of the Companies Act, 2013, will require prior approval of the shareholders by a special resolution subject to limits mentioned in Rule 15(3) of the Companies (Meetings of Boards and its Powers) Rules, 2014.

2 All material RPTs in terms of Regulation 23 of the Regulations shall require shareholders' approval.

All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

This policy shall be applicable to all prospective transactions. All existing material related party contracts or arrangements entered into prior to 1st December, 2015 and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting held after 1st December, 2015.

IDENTIFICATION OF POTENTIAL RPT

Each Director and Key Managerial Personnel is responsible for providing notice to the Company



Baked with love, Just for you !

CREMICA AGRO FOODS LTD.

Secretary of any potential RPT involving him or her or his relative, including any additional information about the transaction that the Company Secretary may reasonably request. The Chief Financial Officer as per existent laws, will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy.

All directors are required to declare and disclose their concerns or interests in any company or companies or body corporate or firms at the first Board Meeting in every financial year and subsequently whenever there is change in disclosures. In addition, the Directors shall ensure that any business transactions entered into between the Company and themselves comply with the terms of this Policy.

The Company prefers to receive such notice of any potential RPT well in advance so that the Audit Committee / Board has adequate and reasonable time to review information about the proposed transaction. Any subsequent modification of transactions of the Company with related parties will also require approval of Audit Committee.

DISCLOSURE OF RPTs

- i. Every RPT entered into shall be disclosed in the Board's report to the shareholders.
- ii. This Policy shall be uploaded on Company's website and a web link thereto shall be provided in the Annual Report.
- iii. Quarterly/periodic update to the Audit Committee/Board on all the related party transactions entered into by the Company.

RPT NOT APPROVED UNDER THE POLICY

Where the Company becomes aware of a RPT that has not been approved under this Policy prior to its implementation, the matter shall be reviewed by the Audit Committee. In such circumstance, the Committee shall evaluate all *options* available to the including ratification, revision or termination of the RPT as per the applicable provisions. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this policy, and shall take any such action, as it may deem fit and appropriate in the best interest of the Company.

In case where the committee does not deem it fit to ratify a RPT that has commenced without approval, the Committee, may direct additional actions including, but not limited to, immediate discontinuation of the transaction, as it may deem fit and appropriate in the best interest of the Company. The Committee shall also have the authority to modify or waive any procedural requirements of the RPT to suit the modus operandi of this policy.



Baked with love. Just for you !

CREMICA AGRO FOODS LTD.

REVIEW

The Board shall, review the policy as may be deemed necessary and in accordance with any regulatory amendments.

AMENDMENTS

In any circumstance where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over the policy until such time as this policy is amended to conform to the law, rule, regulation or standard.