

Jain Farm Fresh Foods Limited
Policy on Materiality and Dealing with Related Party Transactions

1. TITLE

The Board of Directors of Jain Farm Fresh Foods Limited has adopted the following policy and procedures with regard to Related Party Transactions (Dealing with Related Party Transaction 'RPT Policy') in line with the requirements of Section 177, 188 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014 in their meeting held on 10.02.2017. This policy shall be called "RPT Policy on materiality and dealing with related party transactions".

2. COMMENCEMENT

The Policy shall come in to existence upon the approval by the Board of Directors of Jain Farm Fresh Foods Limited i.e. with effect from 10.02.2017.

3. OBJECTIVE

Related party transactions have been one of the major areas of focus for the Corporate Governance reforms being initiated by Indian Legislature thru Companies Act, 2013 and related rules etc.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 require the companies to have enhanced transparency and due process for approval of the Related Party Transactions (RTP). These policy intends to ensure that there is proper approval and reporting of transactions between the Company and its related parties.

One of such requirements is that companies are required to formulate a policy on materiality of related party transactions and also on dealing with related party transactions.

4. 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, no relationship interse.

Ordinary course of business the phrase "ordinary course of business" is not defined under the Companies Act 2013 or rules made there under. It seems that the ordinary course of business will cover the usual transactions, customs and practices of a business and of a company. In its guidance to auditors, the ICAI has included following few examples of transactions that are considered outside the entity's normal (or ordinary) course of business:

- Complex equity transactions, such as corporate restructurings or acquisitions.
- Transactions with offshore entities in jurisdictions with weak corporate laws. The leasing of premises or the rendering of management services by the entity to another party if no consideration is exchanged.
- Sales transactions with unusually large discounts or returns.
- Transactions with circular arrangements, for example, sales with a commitment to repurchase.
- Transactions under contracts whose terms are changed before expiry.

The assessment of whether a transaction is in ordinary course of business is very subjective, judgmental and can vary on case-to-case basis giving consideration to nature of business and objects of the entity. The purpose of making such assessment is to determine whether the transaction is usual or customary to the company and/ or its line of business. Companies should consider variety of factors like size and volume of transactions, arms-length, frequency, purpose, etc., to make this assessment.

Audit committee means the audit committee of the Board of Directors of Jain Farm Fresh Foods Ltd.

Board means the Board of Directors of Jain Farm Fresh Foods Ltd.

Company means Jain Farm Fresh Foods Ltd.

Key managerial Personnel mean key managerial personnel as defined under the Companies Act, 2013 and includes:

- i) Managing Director, or Chief Executive Officer, or manager and in their absence, a whole Time Director;
- ii) Chief Financial Officer
- iii) Company Secretary

Material related party transaction in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds five per cent of the annual turnover or twenty per cent of the net worth of the Company as per the last audited financial statements of the Company, whichever is higher.

5% of Annual Turnover Rs. ----- mn = Rs. ----- mn.(FY-2017)

20% of Net Worth Rs. ----- mn = Rs. ----- mn..(FY-2017)

Individually or taken together with previous transactions during a financial year, **exceeds 10 per cent of the annual “consolidated turnover” of the Company as per the last audited financial statements of the Company.**

Policy means this policy, as amended from time-to-time.

Related Party in relation to the Company means a party related with the Company in any of the ways as are laid down in Section 2(76) of the Companies Act, 2013.

Related party transaction in relation to the Company means a transaction which is:

- (a) a transfer of resources, services or obligations between the Company and related party regardless of whether a price is charged;
- (b) a contract or arrangement with a related party with respect to-
 - (i) sale, purchase or supply of any goods or materials;
 - (ii) selling or otherwise disposing of, or buying, property of any kind;
 - (iii) Donation or Gift of any kind
 - (iv) leasing of property of any kind;
 - (v) availing or rendering of any services;
 - (vi) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (vii) such related party's appointment to any office or place or profit in the Company, its subsidiary company or associate company; and
 - (viii) underwriting the subscription of any securities or derivatives thereof, of the Company;

(c) defined as a “related party transaction” under the relevant provisions of the Companies Act, 2013 or any other related law, regulation, standard etc.

5. APPLICABILITY

This policy shall be applicable to all the related party transactions entered in to by the Company except the following:

- (a) Loans/advances given to a related party, already approved and in place before -----.
- (b) Guarantee given or security provided in connection with a loan to a related party and in place before -----.
- (c) Investment(s) made in a related party and in place before -----.
- (d) Transfer/assignment of obligation under an existing contract/arrangement with a related party to some other person or related party and in place before -----.
- (e) Transfer of resources assigned to one related party contract/arrangement to another related party contract/arrangement and in place before -----.
- (f) Omnibus approval given by Audit Committee in each FY for transaction with Wholly Owned Subsidiaries.

(g) Reserve matters as per Article 153 and Schedule 1 of Articles of Association of the Company

Provided that in case of (d) and (e) above, the transfer, amendment, cancellation, etc., does not result into writing off of any amount paid by the Company or enhancement of amount payable by the Company under the said contract/arrangement or reduction in the amount payable to the Company under the said contract/arrangement or waiver of any right with adverse financial implications for the Company.

6. APPROVAL OF RELATED PARTY TRANSACTIONS

- (a) All related party transactions shall require prior approval of the Audit Committee. The approval of the Audit Committee can also be granted by way of a circular resolution.
- (b) All “material related party transactions” shall require prior approval of the Shareholders through Special Resolution.
- (c) In case of related party transaction which is not in the ordinary course of business or which is in the ordinary course of business but is not an arm’s length transaction, whether or not it is a material related party transaction, prior approval of the Board granted at the meeting of the Board and prior approval of Shareholders of the company by a Special Resolution shall be necessary if threshold as follows are being violated in a Financial Year.
 - i) 5% of Annual Turnover Rs. ----- mn = Rs. ----- mn.(FY-----)
 - ii) 20% of Net Worth Rs. ----- mn = Rs. ----- mn..(FY-----)
- (d) In case of wholly-owned subsidiary, the unanimous resolution passed by the Board shall be sufficient for the purpose of entering into the transactions between Wholly-Owned Subsidiary and the Company.
- (e) A related party transaction which is not a material related party transaction and which is in the ordinary course of the business and an arm’s length transaction shall only require the prior approval of the Audit Committee.

(f) Where any Director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relation to such contract or arrangement.

(g) The related parties shall abstain from voting as Shareholders in case of related party transactions which require the approval of Shareholders.

7. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

(a) A list of all the related parties in relation to the Company shall be provided by the Company Secretary to all the concerned departments, and updated from time-to-time.

(b) Every department, prior to entering in to any contract or arrangement with a related party, shall fill the details of the contract or arrangement in the format enclosed as an annexure to the Policy and submit the same to the Company Secretary.

(c) The Company Secretary shall, within reasonable time (a week) of submission of details, convey to the concerned department the approvals required if any for the contract/arrangement and approximate time within which such approval can be obtained.

(d) The Company Secretary may ask for further information about the contract/arrangement, if felt necessary, to determine the nature/type of transaction.

(e) The contract/arrangement shall not be entered into without the necessary approval from the Audit Committee/Board/Shareholders, if such prior approvals are necessary under the policy.

(f) The Company Secretary shall arrange for the approval of the audit committee/Board/Shareholders, as may be necessary and upon receipt of necessary approvals, convey the same to the concerned department.

8. AMENDMENTS

The Board of Directors shall have the power to amend any of the provisions of this policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy.

9. INTERPRETATION

(a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or ruled made thereunder, SEBI Act or rules and regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation/law applicable to the Company.

(b) The reference to the male gender in the policy shall be deemed to include a reference to female gender.

(c) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the Officers of the Company or an outside expert as it deems fit.

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Annexure I

JAIN FARM FRESH FOODS LIMITED

FORMAT FOR REPORTING OF RELATED PARTY TRANSACTIONS

Name of the Department	:	
Name and designation of the person submitting the form	:	
Name of the related party	:	
Nature of relationship of the related party with the Company	:	
Brief description of the contract/arrangement	:	
Total value of the contract/arrangement in Indian rupees	:	
Duration of the contract/arrangement	:	
Advance paid/received if any	:	
Other material terms of the contract/arrangement	:	
Manner of determining commercial terms including pricing	:	
Details of the factors relating to the contract/arrangement not considered, if any, and rationale for the same	:	
Whether the contract/arrangement shall be considered an 'arm's length transaction' under the policy. If yes then reasons/rationale therefor.	:	
Any other relevant/important information relating to the contract/arrangement which the submitter may like to provide.	:	
Sign	:	
(Name of the submitter)	:	
Date	:	

(To be filled in by the Company Secretary)

Date of the approval by the audit committee :
Date of the approval by the Board :
Date of the approval by shareholders :