



Policy on Related Party Transactions

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended by SEBI time to time), Karnimata Cold Storage Limited (“KCSL” or “the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Also, Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires a company to formulate a policy on materiality of related party transactions and on dealing with related party transactions. In light of the above, KCSL has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

The Company shall not enter into contracts or arrangement with a related party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Exempted Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval). On a quarterly basis, the Audit Committee shall review transactions with related parties for which omnibus approval given.

All transactions involving transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged are considered related party transactions as per SEBI. All material related party transactions will be placed for the approval of the shareholders of the Company. A transaction with the related party shall be considered material if the transaction/ transactions to be entered into, either individually or taken together with previous transactions with such related party during financial year, exceeds ten percent of annual consolidated turnover as per last audited financial statements of the company. Transactions with wholly owned subsidiaries are exempt for approval of shareholders.

In the event such contract or arrangement is not in the ordinary course of business or at arm’s length, the Company shall comply with the provisions of the Companies Act 2013 and rules framed there under and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction. ‘Arm’s length transaction’ has been defined to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.



Contracts or arrangements approved not in the ordinary course of business or at arm's length shall be disclosed in the Board's report along with justification for entering into such contract or arrangement. Company shall maintain a register of such contracts and also disclose transactions with related parties in its annual report and material related party transactions in corporate governance report.

For the purpose of Regulation 23(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.