

CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD

Policy on Related Party Transactions

Objective

This policy is framed as per requirements of Clause 49 of the Listing Agreement entered by the Company with Bombay Stock Exchange; Section 188 of the Companies Act, 2013 & rules made thereunder and intended to ensure that the dealings in Related Party Transactions meet proper approval and reporting norms as required by the statute.

Definitions

“Related Party” means related party as defined under the Companies Act, 2013 read with clause 49 of the Listing Agreement and as amended from time to time.

“Relative” means a relative as defined under the Companies Act 2013 and includes anyone who is related to in any of the following manner:

- Members of a Hindu Undivided Family
- Husband or wife
- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son’s Wife
- Daughter (including step-daughter)
- Daughter’s husband
- Brother (including step-brother)
- Sister (including step-sister)

“Related Party Transaction” means:

- For the purpose of Companies Act, 2013, specified transaction mentioned in clause (a) to (g) of sub-section 1 of Section 188;
- For the purpose of Clause 49, any transfer of resources, services or obligation between a company and a related party, regardless of whether a price is charged.

“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.

“Transaction” with a related party shall be construed to include a single transaction or a group of transactions.

“Material Related Party Transactions” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual turnover of the Company as per the last audited financial statements of the Company or such limits as may be

prescribed either by the Companies Act, 2013 or the Listing Agreement, whichever is stricter from time to time.

Identification of Related Party Transaction

Each Director and Key Managerial Personnel (KMP) is responsible for providing declaration to the Company Secretary of Related Party involving him or her or his relative, including any additional information that the Company Secretary may reasonably request.

The Company Secretary keeps a database of Related Parties containing the names of individuals & Companies identified based on the definition of related Party and declaration provided by Directors and KMPs, including any revision therein. The list of Related Party shall be updated whenever necessary and reviewed on a timely basis.

Terms of Policy

The Company shall not enter into any contracts or arrangement with a Related Party without the prior approval of the Audit Committee.

In case of regular transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval. The omnibus approval shall provide-

- 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 if any
- iii. Such other conditions as the Audit Committee may deem fit.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of one year.

The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

In the event of any contract or arrangement with a related party 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 the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contracts or arrangements.

Disclosures

Appropriate disclosures as required under the Companies Act, 2013 and the Listing Agreement will be made in the Annual Return, Board's Report and to the Stock Exchange.
