

CHITRAKUT HOLDINGS LIMITED

Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions

1. Introduction

The Board of Directors (the “Board”) of Chitrakut Holdings Limited (the “Company”) has adopted the following policy (“Policy”) on materiality of Related Party Transactions and dealing with Related Party Transactions. The policy is in line with requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and The Companies Act, 2013 “The Act”.

2. 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

"Audit Committee" means the Audit Committee of the Company constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act, 1956 (now Section 177 of the The Act) and regulation 18 of the Listing Regulations.

“Policy” means the Company’s Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

“Related Party” with reference to the Company means a person or entity which is a Related Party under Section 2(76) of The Act, or under the applicable accounting standards.

“Related Party Transaction” or “(RPT)” means transactions as given under clause (a) to (g) of section 188 and / or as defined in regulation 2(1)(zc) of Listing Regulations.

“Material Related Party Transaction (Material RPT)” shall mean related party transactions as defined under the regulation 23(1) of Listing Regulations.

“The Act” means The Companies Act, 2013.

Any term not defined herein shall have the same meaning as assigned thereto in the Companies Act, 2013, Listing Regulations or any other applicable law or regulation.

3. Objective of the policy

The objective of this policy is to regulate transactions between the Company and its Related Parties as determined based on the Companies Act, 2013, Listing Regulations and any other laws and regulations as may be applicable to the Company. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of RPTs in the best interest of the Company and its shareholders.

4. Identification of Related Parties

In addition to any other declaration/disclosure which may be required to be made under the Companies Act, 2013 and the rules made thereunder, and the Listing Regulations, every director and key managerial personnel shall provide a written declaration to the Company Secretary or any other officer of the Company authorized by the Board of Directors, containing the following information-

- i. List of Relatives
- ii. List of firms in which he/she or his/her relative is a partner.
- iii. List of private companies in which he/she is a member or director.
- iv. List of public companies in which he/she is a director and holds either individually or alongwith his/her relatives more that 2% of the paid up share capital ;
- v. List of bodies corporate whose Board of Directors, Managing Director, or Manager is accustomed to act in accordance with his/her directions, instructions or advice (other than directions, instructions or advice given in a professional capacity).
- vi. List of persons/bodies corporate on whose directions, instructions, or advice he/she is accustomed to act (other than directions, instructions, or advice received in professional capacity).

The Director and the Key Managerial Personnel shall immediately intimate the Company Secretary or any other officer authorized by the Company, regarding any changes in the aforestated declaration.

Every Director, Key Managerial Personnel of the Company shall give a prior notice to the Company regarding a potential Related Party Transaction with the Company which may, directly or indirectly, involve either him/her or his/her relative, along with all relevant details and documents.

5. Policy

All RPTs should be referred to the Audit Committee of the Company for approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent modification of RPTs. Onus will be on the Company Secretary to refer RPT or potential RPTs to the audit committee.

The Audit Committee shall consider the following while approving an RPT –

- Nature of relationship with related party;
- Nature, material terms, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

Members of the Audit Committee, who are directly or indirectly interested in any RPT shall not participate in any meeting held for the approval of that RPT.

The Audit Committee may seek professional assistance of an independent valuer or a Chartered Accountant or a Cost Accountant or a legal counsel or any other professionally qualified person in order to determine whether or not a particular Related Party Transaction is an Arm's Length Transaction and in the ordinary course of business.

Any changes in the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee and the Board. The Audit Committee / Board will give suitable directions / guidelines to implement the same.

6. Approval Process

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. No prior approval of Audit Committee is required to be obtained by the Company, if the RPT is proposed to be entered into with its wholly owned subsidiaries. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting 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 satisfies itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
- d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction;
- e. The 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;
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

7. Transaction in ordinary course of business and on arm's length basis

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval. The Audit Committee or the Board shall, in respect of the RPT referred to them for approval, after considering the materials placed before them, judge if the transaction is in the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is in the ordinary course of business or at arm's length basis.

In the event any RPT is not in the ordinary course of business or at arm's length, the Audit Committee may refer the same to the Board for its consideration / approval. If any member of the Board is directly or indirectly interested in an RPT, he/she shall not participate in any meeting wherein such RPT is placed before the Board for approval.

8. Shareholders' Approval

Consent of the Board and the Shareholders would be taken in respect of all RPTs, except in the following cases:

1. Where the transactions are below the threshold limits specified in the Companies Act, 2013 & Rules thereunder or the Listing Regulations, as may be applicable; or
2. Where the transactions are entered into by the Company in its ordinary course of business and are on an Arms' Length basis; or
3. Where the transactions to be entered into individually or taken together with previous transactions during a financial year does not exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

9. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed forthwith by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

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

10. Disclosures

Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual / Board's Report and to the Stock Exchanges. The Company Secretary of the Company shall be responsible for ensuring that the required disclosures relating to RPTs are duly made.

11. Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.