

CHEMCRUX ENTERPRISES LIMITED

Related Party Transactions Policy



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Approved by	Board of directors
Date of approval	13 th February 2023
Version	3

RELATED PARTY TRANSACTIONS POLICY

1) INTRODUCTION:

Chemcrux Enterprises Limited (the "Company") recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company's and its stakeholders' best interests. 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 Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 and as amended from time to time, company has formulated a policy on materiality of related party transactions and dealing with related party transactions. ("Policy"). This Policy was initially adopted by the Board of Directors of the Company on 20th December, 2016, later revised on 27th February 2020 and thereafter on 13th February 2023.

2) OBJECTIVE:

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Companies Act 2013, Regulation 23 of the SEBI Listing Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3) DEFINITIONS:

- (i) "Act" shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (ii) "Arm's Length basis" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
- (iii) "Associate Company" means any other company, in which the Company has a significant influence, but which is not a Subsidiary company of the Company having such influence and includes a joint venture company.
Explanation— for the purposes of this clause, "significant influence" means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.
- (iv) "Audit Committee" or "Committee" means the "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of the Act and the Listing Regulations, 2015.
- (v) "Board of Directors" or "Board" means the Board of Directors of the Company.
- (vi) "Company" means Chemcrux Enterprises Limited.
- (vii) "Key Managerial Personnel" means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.
- (viii) "Policy" means Related Party Transaction Policy of the Company.
- (ix) "Related Party" means a person or an entity:
 - a. which is a related party under section 2(76) of the Companies Act, 2013; or
 - b. Which is a related party under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - c. applicable accounting standards

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(x) **“Related Party Transaction”** means transaction involving transfer of resources, services or obligations between:

- a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- a Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023; 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.

(xi) **“Relative”** means relative as defined under sub-section (77) of section 2 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4) MANNER OF DEALING WITH RELATED PARTY TRANSACTION

Identification of Related Parties

Each Director and Key Managerial Personnel shall disclose to the Company, its Related Parties. The Board shall record the disclosure of Interest. Each director and Key Managerial Personnel has the responsibility of providing notice to the Board or Audit Committee of any potential Related Party Transaction involving such Director or KMP or his or her Relative.

Identification of Related Party Transaction

The Company shall review and determine whether any transaction with any party(s) will, constitute a Related Party Transaction, requiring compliance with this RPT Policy.

5) MATERIAL RELATED PARTY TRANSACTIONS:

A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, or such sum or limit as may be prescribed under the Listing Regulations.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

Material modifications means any modification made in any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which

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has the effect of variation in the approved value of the transaction, by 10% of the annual consolidated turnover of the Company as per the last audited financial statements or Rs. 15 crores, whichever is higher or such other parameter as may be determined by the Audit Committee from time to time.

6) REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

All transactions with Related Parties shall be in the ordinary course of business and at arm's length and shall be subject to the prior approval of the Audit Committee. If any transaction with Related Party(s) is not in the ordinary course of business and/or not at arm's length, then:

- a. All such transactions will require prior approval of the Audit Committee;
- b. Will require prior approval of the Board; and
- c. Will require prior approval of the shareholders of the Company by resolution if they exceed the threshold limits mentioned u/s 188 of the Act read with Rules.

Further, any Material Transaction proposed to be entered into with a related party shall also be approved by the Board of Directors of the Company after they have been approved by the Audit Committee.

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

APPROVAL MECHANISM

Approval of the Audit Committee:

All Related Party Transactions and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee as provided under the Listing Regulations, 2015. Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.

However, in case where the need for related party transaction cannot be foreseen and where the required details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction.

The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. Details of the Related Party Transactions entered into pursuant to omnibus approval, shall be reviewed by Audit Committee on at least a quarterly basis.

Approval of the Board:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the

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said Section and which are not in the ordinary course of business or not at arm's length basis, shall be placed before the Board for its approval.

Any Director(s) who is interested in any Related Party Transaction shall abstain himself from participating in the discussion and voting for such RPT under consideration by the Board.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Approval of the Shareholders:

All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or not at Arm's Length basis shall also require the approval of the shareholders through resolution if so, required under any law and the Related Parties shall abstain from voting on such resolution.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.
- transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

7) 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 by the Audit Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

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8) DISCLOSURES:

Details of all transactions with Related Parties shall be disclosed to Audit Committee on quarterly basis. The Company shall disclose this Policy on its website i.e., www.chemcrux.com.

9) AMENDMENTS IN LAW:

Any subsequent amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

