

CHOKHANI INTERNATIONAL LIMITED

RELATED PARTY TRANSACTIONS POLICY

INTRODUCTION

This Policy is framed by the Company pursuant to Clause 49(VII) of the Listing Agreement which came into effect from 1ST October, 2014. This Policy applies to transaction entered into with a Related Party on or after 1st October, 2014, or any modifications effected on or after 1st October, 2014 to subsisting transactions with Related Parties.

DEFINITION

"Act" means Companies Act, 2013 including any statutory modification or re-enactment thereof;

"Board" means Board of Directors of the Company.

"Related Party" with reference to the company, means an entity where:

- (i) Such entity is a related party as defined under section 2(76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable accounting standards.

"Related Party Transaction" means a transaction between the company and a Related Party which transaction is of the nature specified in sub-clause (a) to (g) of section 188(1) of the Companies Act, 2013, or is a related party transaction as understood under Clause 49(VII)(a) of the Listing Agreement.

Transactions between Company & Related Parties and Materiality Threshold

Transactions between the Company and Related Parties shall be entered into in the manner that is compliant with the applicable provisions of the Companies Act, 2013 and of Clause 49(VII) of the Listing Agreement.

"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.

"Associate Company" means a company in which CIL has a significant influence but which is not a subsidiary company of CIL and includes a joint venture company of CIL.

"Audit Committee or Committee" means Audit Committee constituted by the Board of Directors of the Company under the provisions of the Listing Agreement ('LA') and the Companies Act, 2013, from time to time.

"Board of Directors" or "Board" means the Board of Directors of the Company, as constituted from time to time.

"Financial Year" means the period beginning April 1 of every calendar year and ending on March 31 of the succeeding calendar year.

"Holding Company" in relation to one or more other companies, means a company of which such companies are subsidiary companies.

"Independent Director" means an independent director referred to in Section 149(6) of the Companies Act, 2013, and clause 49 of the LA.

"Material Related Party Transaction" means a "Related Party Transaction" (including any transaction to be entered into with a Related Party, individually or taken together with previous

transactions during a Financial Year) , which exceeds ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Relative”, shall have the same meaning as defined in section 2(77) of the Companies Act, 2013, namely with reference to any person, means anyone who is related to another, if:

1. they are members of a Hindu Undivided Family;
2. they are husband and wife; or
3. if he or she is related to another in the following manner:
 - a. Father including step-father;
 - b. Mother including step-mother;
 - c. Son including step-son;
 - d. Son’s wife;
 - e. Daughter;
 - f. Daughter’s husband;
 - g. Brother including step-brother;
 - h. Sister including step-sister

“Transaction” in relation to a Related Party means the contract or arrangement with the Related Party and shall include, where required, any transaction thereunder with a Related Party in that Financial Year, whether entered into individually or not.

“Transactions in the ordinary course of business” means transactions which are in the ordinary course of business as per the judicial precedents in India from time to time.

Explanation – In view of the current judicial precedents, the following tests should be considered to determine if a transaction is in the ‘ordinary course of business’ of the Company:

- (a) the memorandum of association of the Company should include the business activity which is in question;
- (b) previous instances of the Company having carried out the activity in question; and
- (c) the activity in question should be in furtherance of the business objectives of the Company and there should be a close proximity of the activity in question with the normal business of the Company.

PROCESS AND PROCEDURE FOR DEALING WITH RELATED PARTY TRANSACTIONS

1. All Related Party Transactions and amendments or modifications thereto shall require prior approval of the Audit Committee.
2. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
3. The Audit Committee may grant omnibus approval to Related Party Transactions (subject to fulfillment of criteria for granting omnibus approval as specified in this policy) and such approval shall be equally be applicable to transactions thereunder which are repetitive in nature.
4. The Audit Committee shall review, at least once every quarter, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by the Audit Committee.
5. Such omnibus approval shall specify

- (i) the name/s of the Related Party and nature of the relationship; the nature, duration, material terms and other particulars of the Transaction, maximum amount of Transaction that can be entered into,
- (ii) the indicative base price / current contracted price and the formula for variation in the price if any and
- (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval subject to the value per Transaction not exceeding such amount as the Committee and Board deem fit.

6. Approval of the Board of Directors shall be required for entering into the Related Party Transactions which are not in the ordinary course of business or not an Arm's Length transaction (as defined in this policy).

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

8. Approval of the shareholders shall be required for entering into the Related Party Transactions which are either not in the ordinary course of business or not on arms' length and exceeding the limits prescribed under the Companies Act, 2013 read with the rules framed thereunder and the circulars/notifications, etc. issued by the Ministry of Corporate Affairs from time to time.

AMENDMENTS

The Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However no such amendment or modification shall be inconsistent with the applicable provisions of Listing Agreement, Companies Act, 2013 or any other Law for the time being in force

