

CHAMBAL Breweries & Distilleries Limited



REGISTERED OFFICE
A/7, SHOPPING CENTRE, KOTA (RAJ.)
PHONE & FAX : 0744-2362346

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

Of

Chambal Breweries & Distilleries Limited

PREFACE:

Chambal Breweries & Distilleries Limited has always been committed to good corporate Governance practices, including in matters relating to Related Party Transactions. An endeavor is consistently made to have only arms' length transactions with Related Parties. Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 and the revised clause 49 of the listing agreement require the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

TITLE:

This Policy shall be called 'Policy on materiality of Related Party Transactions and dealing with Related Party Transactions'.

DEFINITIONS:

"Audit Committee" means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the listing agreement and the Companies Act, 2013.

"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.

"Board" means the Board of Directors of Chambal Breweries & Distilleries Limited

"Company" means Chambal Breweries & Distilleries Limited.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes:

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- (i) managing director, or Chief Executive Officer or manager and in their absence, a whole-time director;
(ii) company secretary; and
(iii) Chief Financial Officer :

“Materiality of Related Party Transactions” means a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

“Related Party” means related party as defined in Clause 49 of the Listing Agreement which is as follows:

- i. Such entity is a related party 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 any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

POLICY

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

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION:

- Approval of Related Party Transactions shall be subject to the provisions laid down in the Listing Agreement, Companies Act, 2013 and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.
- A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.
- All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in clause 49 of the listing agreement.

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- 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.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- All material Related Party Transactions shall require approval of the shareholders through ordinary resolution and the related parties shall abstain from voting on such resolutions.
- Pursuant to Section 188 of the Companies Act, 2013, except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to:
 - a) sale, purchase or supply of any goods or materials;
 - b) selling or otherwise disposing of, or buying, property of any kind;
 - c) leasing of property of any kind;
 - d) availing or rendering of any services;
 - e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - g) underwriting the subscription of any securities or derivatives thereof, of the company.
- No contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a Ordinary resolution.
- No member of the company shall vote on such ordinary resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party:
- Nothing in this policy shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.
- The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or listing agreement and/or transactions referred to it by the Audit Committee.
- Where any director is interested in any contract or arrangement with a Related Party Transaction, such director shall not be present at the meeting during discussions and voting on the subject matter of the resolution relating to such Transaction.
- All Related Party Transactions (other than Material Related Party Transactions) pursuant to Section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall

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also require the approval of shareholders of the Company through ordinary resolution and the Related Parties shall abstain from voting on such resolution(s).

- The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of listing agreement and/or Companies Act, 2013 and as amended from time to time.
- This Policy on Related Party Transactions shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Clause 49 of the Listing Agreement or such other Rules / Regulations, as may be notified by SEBI from time to time.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

- In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the 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 shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.
- In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.
- This Policy will be communicated to all operational employees and other concerned persons of the Company.

DISCLOSURES

- Details of all material transactions with related parties shall be disclosed to stock exchange quarterly along with the compliance report on corporate governance.
- The Company shall disclose the policy on dealing with Related Party Transaction on its website and web-link shall be provided in the Annual Report.

AMENDMENTS IN LAW

- Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this policy.