



**CHARTERED CAPITAL AND INVESTMENT
LIMITED**

**POLICY ON DEALING
WITH
RELATED PARTY TRANSACTIONS**

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

BACKGROUND

The Companies Act, 2013 (**'Companies Act' or 'the Act'**) has introduced sections 177 and 188, which contain provisions regarding related party transactions. These sections, along with the relevant Rules framed under the Companies Act, have introduced certain compliance and approval requirements regarding the related party transactions. Further, Regulation 23 of Securities and Exchanges Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (Regulation 23) has also introduced certain approval requirements regarding the related party transactions. Regulation 23 requires the listed companies to formulate a policy on dealing with related party transactions.

Accordingly, the Board of Directors (**'the Board'**) of Chartered Capital and Investment Ltd (**'the company'**) has adopted the following policy with regard to related party transactions. The Audit Committee of the company will review this policy from time to time and propose any modifications to the Board for approval.

DEFINATION

"Related party transaction" A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

"Material related party transaction" As per Regulation 23 means a transaction with a related party 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.

"Turnover" has been defined as the aggregate value of the realisation of amount made from sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year. Accordingly, for the Company, the 'turnover' is considered as the 'Total Income', i.e., total of interest income and other income.

"Related party"

Related party with reference to the company means:

- i. A director or his relative;
- ii. A key managerial personnel (KMP) or his relative;
- iii. A firm, in which a director, manager or his relative is a partner;
- iv. A private company in which a director or manager or his relative is a member or director;
- v. A public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- viii. Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary;
- ix. A director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company (as per Companies (Meetings of Board and its Powers) Rules, 2014)

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

i) Identification of Related Parties:

Based on declarations / disclosures received from the Directors / KMP, from time to time, the list of Related Parties shall be identified.

ii) Identification of Related Party Transactions:

In the event that a proposed transaction is to be entered into with any of the parties identified as a Related Party in the list of the Related Parties, the proposed transaction shall be considered as a Related Party Transaction.

iii) Seeking approval:

Approval of the Audit Committee:

All Related Party Transactions would require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such related party transactions, subject to the following conditions:

- (a)** The Audit Committee shall lay down the criteria for granting the 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 shall lay down the criteria for granting the 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.
- (c)** The omnibus approval shall specify:
 - (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 in the price, if any, and
 - (iii) Such other conditions as the Audit Committee may deem fit.

However, in case of Related Party Transactions, which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 Crore per transaction.

- (d) 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.
- (e) Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

Approval of Board:

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

Approval of Shareholders:

If a related party transaction is a material transaction as per Regulation 23, it shall require shareholder's approval through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

If a related party transactions is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a resolution. In such a case, any member who is a related party having interest in the transaction for which resolution being proposed, shall not vote on such resolution passed for approving related party transaction.

In the event a related party transaction is covered by applicable provisions of the Companies Act, 2013, the Company shall comply with such provisions including requirements as prescribed under the SEBI (LODR) Regulations.

CRITERIA FOR APPROVAL

To review a Related Party Transaction, the Board / Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The information provided shall specifically cover the following:

- i. The name of the related party and nature of relationship;
- ii. The nature, duration of the contract and particulars of the contract or arrangement;
- iii. The material terms of the contract or arrangement including the value, if any;
- iv. Any advance paid or received for the contract or arrangement, if any;
- v. The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;

- vii. The persons/authority approving the transaction; and
- viii. Any other information relevant or important for the Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Board/ Audit Committee shall consider the following factors, amongst others, to the extent relevant to the Related Party Transaction:-

- i. Whether the transaction is in the ordinary course of business of the company.
- ii. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- iii. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iv. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- v. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- vi. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- vii. Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

DISCLOSURE REQUIREMENTS

- i) Every Related Party Transaction prescribed in Section 188(1) of the Act shall be disclosed in the Board's report along with the justification for entering into such transaction.
- ii) Details of all Related Party Transactions meeting the materiality threshold as given in the Policy shall be disclosed on a quarterly basis along with the compliance report on corporate governance to the stock exchanges.
- iii) The Company shall disclose the Policy on its website and a web link shall be provided in the Annual Report.

AMENDMENTS

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.