



POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

1.1 Pursuant to Section 188 of the Companies Act, 2013 read with Rules thereunder and Regulation 23 of the of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of Cheviot Company Limited (the Company) at their meeting held on 14th February, 2022 has adopted the following policy and procedure to regulate Related Party Transactions between the Company and its related parties.

2. Purpose

2.1 This policy is framed as per requirement of Regulation 23 of the SEBI Listing Regulations entered by the Company with the stock exchange (BSE Limited). The policy is devised to ensure proper approval and reporting on materiality of Related Party Transactions and also on dealing with Related Party Transactions between the Company and its Related Parties including clear threshold limits duly approved by the board of directors.

3. Related Party and Related Party Transaction

3.1. For the purpose of this policy, an entity shall be considered as related to the Company if:

- (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.

3.2. Related Party Transaction means a transfer of resources, services or obligations between a listed entity and a related party, 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.



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3.3 “Material Related Party Transaction” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) 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 statements of the company.

3.4 “Material Modifications” in relation to Related Party Transaction approved by the Audit Committee/Board or a material related party transaction approved by the Shareholders, as the case may be, means any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 20% of transactions, in each case, over and above the approved limits.

4. Policy

4.1. All Related Party Transactions shall require prior approval of Audit Committee. Every Director and Key Managerial Personnel of the Company is required to provide information to the Company of any potential related party transaction with the Company involving him or her or his or her relative by way of a Notice addressed to the Company Secretary. Such Notice shall be placed at the next meeting of Audit Committee for review and approval. However, the Audit Committee after satisfying itself may grant omnibus approval for Related Party Transactions proposed to be entered by the Company where such transaction are repetitive in nature and are found to be in line with the policy and in the interest of the Company subject to their value not exceeding one crore per transaction.

4.2. Any member of the Committee or the Board who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.



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- 4.3. All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions. 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 exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.
- 4.4 All Related Party Transactions and subsequent material modifications shall be subject to the prior approval of the Audit Committee of the Company whether at a meeting or by resolution by circulation or through electronic mode. It is clarified that any modification of an existing Related Party Transaction shall also require approval of Audit Committee. A member of the Committee who (if) has a potential interest in any Related Party Transaction may remain present in the meeting but shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not and shall not be counted in determining the presence of a quorum when such transaction is considered.
- 4.5 All material related party transactions and subsequent material modifications as 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 contract, arrangement or transaction, between a related party (as defined under the Act) and the Company, as specified under Section 188(1) of the Act, which is either “not on an arm’s length basis” or “not in the ordinary course of business”, shall also require approval of Board as per the provisions of Section 188(1) of the Act and the applicable provisions of the Rules.
- 4.6 Ordinary Course of Business shall include all transaction of the company undertaken / entered in the normal course of the business pursuant to the objects of the Company as per the Memorandum & Articles of the Company.



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4.6 The following information shall be placed before the Audit Committee while evaluating potential Related Party transaction:

- (i) the name/s 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) amount involved / maximum amount of transaction that can be entered into;
- (v) any advance paid or received for the contract or arrangement, if any;
- (vi) similar transaction being undertaken in ordinary course of business;
- (vii) Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
- (viii) Whether all factors relevant to the contract/arrangement/transaction have been considered, if not, the details of factors not considered with rationale for not considering those factors;
- (ix) determination of arm's length price of such transaction and any variation proposed in Related Party transaction from the current market price;
- (x) Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.

4.7 In the event, the committee identifies a related party transaction which has already been commenced without approval, the Committee shall evaluate all facts and circumstances and may consider ratification, revision or termination of the related party transaction.

5. Consent of the Board and the shareholders would also be taken in respect of all related party transaction, except in the following cases:

- i. The transactions entered into by the Company in its ordinary course of business and are on an arm's length basis; and
- ii. The transaction / transactions to be entered into individually or taken together with previous transactions during a financial year does not exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

6. The agenda of the Board Meeting at which the resolution is proposed to be moved and explanatory statement to be annexed to the notice of such general meeting, shall disclose all such details/ information about the contract as are prescribed under the Companies (Meeting of Board and its Powers) Rules, 2014.



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7. Any director who is interested in any contract or arrangement with a related party, shall not be present at the meeting during discussions on the subject-matter of the resolution relating to such contract or arrangement and such related party shall abstain from voting on such resolutions of the shareholders whenever any related party transaction requires approval of the Board and the shareholders through special resolution.
8. This policy will be communicated to all Directors and Key Managerial Personnel of the Company.
9. 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.
10. The policy shall be disclosed on the company's website and a web link thereto shall be provided in the Annual Report.

REVIEWED AND ADOPTED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON 14TH FEBRUARY, 2022.

THIS INFORMATION IS DISPLAYED ON THE WEBSITE OF THE COMPANY IN COMPLIANCE WITH REGULATION 46 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.