



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 10th August, 2023 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 exchanges (BSE Limited and National Stock Exchange of India 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.

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the Company; or
- (b) any person or any entity, holding equity shares of ten per cent or more in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year shall be deemed to be a related party.

3.2 Related party transaction means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity or any of its subsidiaries

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.

Provided that the related party transaction shall not include transactions with related party as expressly provided in Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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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 during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower.

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 or modification thereof 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. Moreover, 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 which shall be valid for a maximum period of one year.

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 In the event, the audit committee identifies a related party transaction which has already been commenced without approval, the audit committee shall evaluate all facts and circumstances and may recommend for ratification, revision or termination of the related party transaction.
- 4.4 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.
- 4.5 Prior consent of the Board of Directors shall be taken in respect of all related party transaction and subsequent material modifications, except in case of transactions entered into by the Company in its ordinary course of business on an arm's length basis and which are not considered material. All contract, arrangement or transaction, between a related party and the Company, as specified under Section 188(1) of the Act, which is either "not on arm's length basis" or "not in the ordinary course of business", shall require approval of Board of Directors as per the provisions of Section 188(1) of the Act and the applicable provisions of the Rules.
- 4.6 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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- 4.7 All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- 4.8 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.
5. 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.
6. This policy will be communicated to all Directors and Key Managerial Personnel of the Company.
7. 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.
8. The policy shall be disclosed on the company's website and a web link shall be provided in the Annual Report.

REVIEWED AND ADOPTED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON 10TH AUGUST, 2023.

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.