

CEENIK EXPORTS (INDIA) LIMITED

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS
AND ON DEALING WITH RELATED PARTY TRANSACTIONS**

1. Introduction:

This policy is intended to ensure the proper approval and reporting of transaction between CEENIK EXPORTS (INDIA) LIMITED (“the Company”) and the Related Parties. Such transactions are appropriate only if they are in the interest of the Company and the stakeholders. The Company is required to disclose in the Annual Report, the transactions between the Company and Related Parties. In addition, the Audit Committee and the Board will review any Related Party Transactions involving non-employee directors as part of the annual determination of their independence. This Policy is in addition to the provisions dealing with conflicts of interest in the Company’s Code of Conduct for the Board of Directors and Sr. Management.

The Committee / Board will review and may amend this policy from time to time.

2. Definitions:

“Act” means the Companies Act, 2013, including the Rules, Regulations schedules, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time.

“Arm’s Length Transaction” shall mean a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“Board of Directors” or **“Board”** in relation to a Company, means the collective body of Directors of the Company (Section 2(10) of the Companies Act).

“Audit Committee” shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Key Managerial Personnel” or **“KMP”** means:

1. The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
2. The Company Secretary;
3. The Whole- time director;
4. The Chief Financial Officer (CFO);
5. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
6. such other officer as may be prescribed.

“Material Related Party Transactions” shall mean transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeding Rupees one thousand crore or ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower.

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 (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Ordinary Course of Business” shall mean a transaction which is carried out in the normal course of business by the Company or is an activity as envisaged in the Memorandum of Association of the Company as amended from time to time.

“Related Party” shall have the same meaning as provided in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act, including all amendments and modifications thereof from time to time.

“Related Party Transactions” or **“RPTs”** shall mean all transactions between the Company and one or more related party including contracts, arrangements and transactions as provided in Section 188(1) of the Companies Act, 2013 and/or Regulation 2(zc) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Material Modifications” shall mean any modification of at least twenty five percent (25%) of the total transaction value which have been pre-approved by the Audit Committee or any such threshold as maybe determined by the Audit Committee from time to time.

All the words and expressions used and not defined in this Policy, shall have meaning respectively assigned to them under the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act or any other applicable laws for the time being in force and rules and regulations made thereunder as amended, from time to time.

3. Policy:

Identification of Related Party:

Before the commencement of each financial year, the Company shall draw up a list of Related Party(s) in accordance with the definition given in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Act. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard. Each Director and Key Managerial Personnel (KMP) is responsible to notify to the Board regarding persons and entities to be considered as 'Related Parties' by virtue of his/her being Director/ KMP in the company. Such Notice shall be issued to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made. In addition to above, management is to identify other related parties based on control exercised by company on them and vice-versa within the meaning of the Act and applicable accounting standards.

Identification of Related Party of Subsidiary Company:

Each Director and Key Managerial Personnel (KMP) is responsible to notify to its respective Board of Directors (to the Board of Management in case there is no Board of Directors) regarding persons and entities to be considered as 'Related Parties' by virtue of his/her being Director/ KMP in the subsidiary company. Such Notice shall be issued to the subsidiary company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made. In addition to above, management of Subsidiary Company is to identify other related parties based on control exercised by company on them and vice-versa within the meaning of Act and applicable accounting standards.

Identification of Potential Related Party Transactions:

Each director, nominee for director and Key Managerial Personnel is responsible for providing written notice to the Board of Directors of any potential Material Related Party Transaction involving him or her or his or her Relative(s), including any additional information about the transaction that the Board may reasonably request. The Board after discussion among themselves and if required in consultation with the outside counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Material Related Party Transaction well in advance so that the Chief Financial Officer / Head of Finance has adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate approval authority.

Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances, however. The CFO/ Head of Finance of the Company shall ensure that the Related Party Transactions entered in to by the Company are supported by requisite documentation to substantiate the compliance of policy.

Identification Of Potential Related Party Transactions of Subsidiary Company

On the basis of related parties identified in application of exercise, the Management of respective Subsidiary Company is to intimate to the Board of the Company, of any potential Related Party Transaction with any person or entity, including any additional information about the transaction that the Board may reasonably request. The Board of the Company has power to determine whether the transaction genuinely constitutes a Related Party Transaction requiring compliance with this policy.

Approval of Related Party Transactions:

a. Audit Committee Approval:

All Related Party Transactions (RPT) (including any subsequent modification thereto) require the prior approval of the Audit Committee (“the committee”) either at a meeting of the Audit Committee or by means of a resolution passed by circulation. Only those members of the Audit Committee, who are independent Directors, shall approve RPTs. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the Company. However in respect of such transactions, Audit Committee may accord approval of such RPT subject to the following conditions:

- i) Audit Committee shall prescribe the criteria for granting such approval in respect of transactions which are repetitive in nature.
- ii) It is satisfied with the need for such omnibus approval which is in the interest of the company.
- iii) Such approval shall specify - the name of the related party – the nature of transaction – Period of transaction – Maximum amount - the indicative base price /current contracted price and the method for

working out variation in the price if any and such other terms and conditions as Audit Committee may deem fit.

- iv) In case of unforeseen RPT and where the details mentioned under the foresaid points (i to iii) are not available, Audit Committee may grant omnibus approval provided the value per transaction does not exceed Rs. 1 crore.

A related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent (10%) of the annual consolidated turnover (w.e.f. April 1, 2022), as per the last audited financial statements of the Company; (or exceeds ten per cent of the annual standalone turnover of the subsidiary w.e.f. April 1, 2023).

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 approvals given. Such omnibus approvals shall be valid for a period not exceeding 1 financial year and shall require fresh approvals after the expiry of such financial year.

To review an RPT, the Committee shall have the following details:

- i) All relevant material information
- ii) Terms of the transaction
- iii) Business purpose of the transaction
- iv) Benefits to the company and to the related party
- v) Any other relevant information or matter.

To approve a RPT, the committee will consider the following factors among others:

- i) Whether the terms of RPT 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;
- ii) Whether there are any compelling business reasons for the company to enter into the RPT and the nature of alternative transactions if any;
- iii) Whether the RPT would affect the independence of an independent director;
- iv) Whether the proposed transaction pose any potential reputational risk;

- v) Whether the company was notified about the RPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the company;
- vi) Whether the RPT would present an improper conflict of interest for any director or Key Managerial Personnel taking in to account the size of the transaction, the overall financial position of the director 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/Audit Committee deems relevant.

If the Audit Committee finds that the RPT should be brought before the Board or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the RPT, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modifications as may be necessary or appropriate under the circumstances.

b. Board of Directors Approval:

All Related Party Transactions that are:

- not in the ordinary course of business, or
- in the ordinary course of business but not at arms' length or
- neither in the ordinary course of business nor at arms' length; or
- all material related party transactions shall be referred to the Board of Directors as well for their approval.

c. Shareholders' Approval:

All material RPTs and transactions exceeding such sums, as prescribed under Section 188 of the Companies Act read with relevant rules prescribed thereunder shall require prior approval of the shareholders through special resolution. All entities falling under the definition of Related Parties shall not vote to approve the RPTs irrespective of whether the entity is a party to the particular transaction or not.

Further, All material related party transactions (and subsequent material modifications) shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the Company is a related party to the particular transaction or not.

Related Party Transaction not approved under this RPT Policy:

In the event any Transaction has been undertaken/ is being undertaken with a Related Party without obtaining requisite approval under this RPT policy, such

transactions should be immediately reported to the Company Secretary and Compliance Officer. Such Transactions shall be reviewed by the Audit Committee in the next meeting. The Audit Committee shall be provided with all the relevant facts and circumstances for entering into such transaction with a related party. Based on the information provided, the Audit Committee shall evaluate and take such necessary steps, as it may deem fit, including Ratification, Termination or Revision of any terms of the Related Party Transaction. The Audit Committee shall keep the Board apprised of any instances of such transactions entered into with any related party in contravention of this RPT policy and recommend to Board for its approval.

Disclosure:

- All Directors/KMP are required to disclose the parties in which they are deemed to be interested in prescribed form.
- Further, each Director and KMP of the Company shall promptly notify the Secretarial Department of any material transaction or Relationship that could reasonably be expected to give rise to a conflict of interest.
- The company shall disclose the policy on its website and on dealing with Related Party Transactions shall be provided in the Annual Report.
- All Related Party Transactions must be reported to the Chief Financial Officer / Head of Finance
- Disclosure shall be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts / arrangements with the Related-parties as part of Directors' Report.
- The Company shall within 30 days of publication of its standalone as well as consolidated financial results for the half-year, disclose the details of all material related party transactions on consolidated basis in the format specified in the relevant accounting standards for annual financial results to the stock exchange and publish it on the Company's website.

Review of the Policy:

This policy shall be subject to review by the Board as may be deemed necessary or to meet any regulatory requirements.

Amendments to the Policy:

- 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 are 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.

- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.
