

# **CRESTCHEM LIMITED**

Reg. office: Sr. No. 550/1, Sub Plot o. 12, Village Indrad, Taluka -Kadi, District- Mehsana, Pin code-382715, Gujarat.  
Phone: +91-9409119484, Email : info @crestchemlimited.in GST Number : 24AAACC8722C1Z5  
CIN NO. L24100GJ1991PLC015530/WEBSITE: www.crestchemlimited.in

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## **RELATED PARTY TRANSACTIONS POLICY OF CRESTCHEM LIMITED**

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## RELATED PARTY TRANSACTIONS FRAMEWORK/ POLICY

### I. INTRODUCTION

The Board of Directors ("Board") of Crestchem Limited ("Company") has adopted the following policy and procedures with regard to Related Party Transactions after considering the recommendation of the Audit Committee, and associated procedures with regard to Related Party Transactions, in line with the requirements of Companies Act, 2013, Securities and Exchange Board of India (SEBI) Regulations 2015, and all applicable laws and regulations as may be amended from time to time and as may be applicable to the Company.

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company. This Policy specifically deals with the review and approval of material Related Party Transactions, keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

The Audit Committee would review and recommend amendment to the Policy, as and when required, which will be subject to the approval of the Board.

### II. OBJECTIVE

This Policy is framed based on SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the provisions of the Companies Act, 2013 and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties. The objective of this policy is to set out:

- a) Materiality Threshold for Related Party Transactions; and
- b) The manner of dealing with the transactions between the Company and its Related Parties.

### III. DEFINITIONS

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications or re-enactment thereof.

"Audit Committee" means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of SEBI (LODR) Regulations, 2015. "Company" means Crestchem Limited.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Regulations, 2015, Securities Contracts Regulation Act or any other applicable law or regulation.

### IV. MATERIALITY THRESHOLDS:

Regulation 23 of SEBI (LODR) Regulations, 2015 states that any transaction with a related party shall be considered material if the transaction(s) 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 listed entity as per the last audited financial statements of the listed entity. All material related party transactions shall require approval of the shareholders 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.

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## V. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:

### a) Identification of Related Parties

Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(zb) of SEBI Regulations, 2015.

### b) Identification of related party transactions

Company shall identify related party transactions in accordance with Section 188 of the Act and SEBI (LODR) Regulations, 2015 and also formulate certain criteria for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the company can seek external professional opinion, if necessary. While 'Ordinary Course of Business' (OCB) has not been defined in the Companies Act, 2013 and/or SEBI Regulations, 2015, 'Ordinary Course of Business' (OCB) means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake if:

- i) the objects clause of Memorandum of Association of the Company permits such activity; or
- ii) it is a historical practice and there is a pattern of frequency (and not an isolated transaction); or
- iii) it has a connection with the normal business carried on by the company; or
- iv) the income, if any, earned from such activity/transaction is assessed as business income in the

Company's books of accounts and hence, is a 'business activity'; and

- v) it is a common commercial practice.

### c) Arms' length price

A related party transaction should be priced at a level at which unrelated parties would undertake 'similar' transactions under 'similar' conditions.

## VI. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS:

### a) Approval of Audit Committee

All related party transactions require prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. However, the company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances as laid down in regulation 23 of SEBI (LODR) Regulation 2015 and on such other conditions as the Audit Committee may deem fit.

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 and such omnibus approval shall be valid for a period of one year and shall require fresh approval after the expiry of one year.

While considering any transaction, the Committee shall take into account all relevant facts and circumstances 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 as it may deemed fit.

### b) Approval of Board of Directors of the Company

If the Committee determines that a Related Party Transaction 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 Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

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## c) Approval of the shareholders of the Company

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

The Companies (Amendment) Act, 2015 and Regulation 23(5) of the SEBI Regulations, 2015 provides exemption for seeking shareholders' approval for related party transactions between Company and its wholly-owned subsidiaries whose accounts are consolidated and placed before the Shareholders at a General Meeting for approval.

## **VII. DISCLOSURES:**

The Company shall disclose the Policy on dealing with Related Party Transactions on its website, pursuant to SEBI (LODR) Regulations, 2015.

## **VIII. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.