

CHEMTECH INDUSTRIAL VALVES LIMITED

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

I. INTRODUCTION

Chemtech Industrial Valves Limited (the "Company") recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

II. OBJECTIVES

The objective of this Policy is to set out the manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI (LODR) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

III. SCOPE & INCLUSION

This policy sets definition of materiality of related party transactions, definition of material modification in related party transactions and dealing with related party transactions.

IV. TERMS & REFERENCES

- a. **"Related Party"** shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of SEBI (LODR) Regulations, 2015, as amended from time to time.
- b. **"Related Party Transaction" (RPT)** shall have the same meaning as defined in Section 188 of the Companies Act, 2013 read with the prescribed rules and Regulation 23 of SEBI (LODR) Regulations, 2015, as amended from time to time.
- c. **"Arm's length transaction (ALP)"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- d. A **"transaction"** with a related party shall be construed to include single transaction or a

group of transactions in a contract.

- e. Materiality of Related Party Transaction(s)** - Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum or limit as may be prescribed under the Listing Regulations.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction 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 statement of the Company

- f. Material Modifications** - shall mean any change / variation / modification in an existing related party transaction / contract / arrangement, the financial effect of which is an increase in the per annum value of the relevant related party transaction / contract / arrangement by 10% or rupees fifty crore, whichever is higher.

All other terms and references used but not defined herein shall have the same meaning as is assigned to them under the Act, the Listing Regulations and rules, regulations, notifications and circulars issued thereunder.

V. APPROVAL

- a.** All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.

b. OMNIBUS APPROVAL –

The Audit Committee may, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that are repetitive in nature, subject to the following conditions:

- 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.**

- c. However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 Crore per transaction; such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

- d. **Review of Approvals** - 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. **Assessment for Approval** - While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review such documents and seek such information as it deems necessary from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not.

- f. **Approval of Board of Directors or of Shareholders of the Company** - In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement. All material related party transactions, other than those which are exempted will be placed for approval of the Shareholders of the Company. A transaction with a related party is considered material if the transaction / transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

VI. DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

VII. AMENDMENT –

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

VIII. REVIEW

The Audit Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy. The Audit Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

This policy was modified and approved by the Board of Directors of the Company in the meeting held on 09/02/2023.