

CIL NOVA PETROCHEMICALS LIMITED

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

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1. Preamble

The Board of Directors (the “Board”) of **CIL Nova Petrochemicals Limited** (the “Company”), has adopted the following policy and procedures with regard to Materiality of Related Party Transactions and Dealing with Related Party Transactions as defined below. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations to the Company.

2. Purpose

This policy is framed as per requirement of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

“**Act**” means Companies Act, 2013 including any statutory modification or re-enactment thereof.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013.

“**Related Party Transaction**” means any transaction directly or indirectly involving any Related Party which is a transfer of resources or obligations between a company and a related party, regardless of whether or not price is charged.

“**Material Related Party Transaction**” means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a **financial year, exceeds ten percent (10%) of the annual consolidated turnover of the** listed company as per the last audited financial statements of the company.

“Related Party” with reference to a company, means :

- (i) A director or his relative.
- (ii) A key managerial personnel or his relative.
- (iii) A firm in which a director , manager or his relative is a partner.
- (iv) A private company in which a director or manager is a member or director.
- (v) A public company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid up share capital.
- (vi) Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager.
- (vii) Any person on whose advise, directions or instructions a director or manager is accustomed to act.
Provided that nothing in sub- clauses(vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.
- (viii) Any company which is –
 - (A) a holding, subsidiary or an associate company of such company or
 - (B) a subsidiary of a holding company to which it is also a subsidiary.
- (ix) such other person as may be prescribed.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family
- ii. They are husband and wife or
- iii. one person is related to the other in such manner as may be prescribed below

- (1) Father (including step-father)
- (2) Mother (including step-mother)
- (3) Son (including step-son)
- (4) Son's wife
- (5) Daughter
- (6) Daughter's husband
- (7) Brother (including step-brother)
- (8) Sister (including step-sister)

“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.

“Ordinary Course of Business (‘OCB’)” means a transaction which is:

- 1. Carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time or,
- 2. Historical practice with a pattern of frequency or,
- 3. Common commercial practice or,
- 4. Meets any other parameters as decided by the Board/Audit Committee.

4. Policy and Procedure

- All related party transaction must be approved by Audit Committee.
- All related party contracts/arrangements shall be entered on arm's length basis.
- In exceptional circumstances, where permitted by law , related party contracts/arrangements may deviate from the principle of arm's length, after approval from Audit Committee.
- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the listed entity in accordance with criteria laid down for granting omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature. The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- The Audit Committee shall review at least on a quarterly basis , the details of related party transactions entered into pursuant to omnibus approval given and such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- All material related party transactions shall require approval of the shareholders through resolution and related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.
- All related party/contract/arrangements shall comply with the Companies Act,2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Accounting Standards and other applicable acts .

5. Policy Review

This policy is framed based on the provisions of the Companies Act, 2013, and rules made there under and the requirements of the SEBI (Listing Obligation and disclosure Requirement) Regulations , 2015 effective from 1st December, 2015 and amendment made therein from time to time.

The Policy shall be reviewed by the Board from time to time and changes made therein due to change in the Regulations would be presented for approval of the Board of Directors.
