

Related Party Transaction Policy

Effective From May 24, 2022

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I. Introduction

This policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Audit Committee and Board of Directors in order to set forth the procedures under which transactions with Related Parties (as defined below) must be approved.

II. Definitions

For the purposes of this policy, the following definitions apply:

- a. Board means the Board of Directors of Clariant Chemicals (India) Limited
- b. Company means Clariant Chemicals (India) Limited
- c. Material Related Party Transaction means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crores or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company, 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.

- d. Policy means this Policy on Related Party Transactions;
- e. Related Party means

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:
 - (i) of twenty percent or more; or
 - (ii) of ten percent or more, with effect from April 1, 2023;

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:

- f. Relative means (A) With reference to any person, anyone who is related to another, if: 1. They are members of a Hindu Undivided Family; 2. They are husband and wife; or (B) A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely: - 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
- g. Related Party Transaction means a transaction as envisaged as a related party transaction under the Companies Act, 2013 or under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as "the Listing Regulations").
- h. Arm's length transaction means a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest.

- i. Material modifications shall mean any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, as the case may be, having a significant impact on the nature, value, tenure, exposure, or likely financial impact of such transaction, as may be determined by the Audit Committee from time to time.

Provided that there shall be a rebuttable presumption that a modification is material, if such modification, together with previous modifications during a financial year, results in any of the following:

- A variation in the value of the transaction/contract as originally approved, by 25%, or more;
- The terms of the contract cease to be arms' length;
- Granting of any waiver, abatement, or any other relief to either party, which results in a financial implication equal to 25% or more of the value of the contract;
- Extension of tenure of the contract by 25% or more of the original tenure, or continuation of the contract or arrangement beyond the tenure originally agreed upon, except for completion of any residual performances;
- Any modification which results in the claims of either party being subordinated, or relaxation of security interest:

Provided that giving any consent for cessation of pari passu charge or any other security interest, provided there is adequate asset cover, shall not be deemed as a modification of the contract.

- Any novation of the contract or arrangement to a third party.

Provided further that the following shall not be considered as material modification:

- modifications which may be mandated pursuant to change in the law;
- modifications pursuant to and in accordance with the terms of the approved transaction/contract, whether with or without the mutual consent of parties, as the case may be;
- modifications resulting from a change in the constitution of either of the parties pursuant to schemes of arrangement (eg. merger, amalgamation, demerger, etc.);
- modifications that are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- modifications uniformly affected for similar transactions with unrelated parties.

III. Process, procedure, and review for dealing with Related Party Transactions

- 1.** Prior approval of the Audit Committee is required to be taken for entering transactions with a Related Party. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions as prescribed in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- 2.** Prior approval of the Board of Directors and shareholders is required to be taken before entering related party transactions which are not in the ordinary course of business and not on an arm's length basis and are beyond such limits as specified under the Companies Act, 2013 and rules thereto.
- 3.** Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- 4.** Prior approval of shareholders is required to be taken before entering Material related party transactions, and effecting material modification at a later stage, irrespective of whether the transaction is in the ordinary course of business or not and all related parties shall not vote to approve such resolution, whether the entity is a related party to the particular transaction or not, as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

IV. Identification of potential Related Party Transactions

The potentially related party transaction shall be any contract or arrangement entered by the Company with a related party such as:

- a) Sale, Purchase, or Supply of any goods or materials;
- b) Selling or otherwise disposing of or buying property of any kind;
- c) Leasing of property of any kind;
- d) Availing or rendering of any services;
- e) Appointment of any agent for purchase or sale of goods, materials, services, or property;
- f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company, or associate Company and
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company.
- h) Any other transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether a price is charged (as per the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

The following process shall be followed for Related Party Transactions along with necessary approval as and when required under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (amended from time to time):

- (A) Purchase of products and services from the related parties (other than subsidiaries/Joint Ventures): In the case of transactions that are undertaken based on contractual arrangements or are urgently required for purposes of the operations, the Audit Committee will provide approval to enter such transactions on the basis stated below:
 - (1) The Company will take multiple quotes from the vendors including the related parties.
 - (2) In the usual course, the transaction may be entered into with the related parties if the quote of the related party is the least and all other terms and conditions for obtaining the goods or the service are at least as favorable as those offered by any other prospective supplier.
 - (3) If the quality or delivery schedule or any other terms that are a pre-requisite for the Company and only the related party can offer these, the contract may be awarded to the related party even though the price quoted may not be the lowest.
 - (4) In case there is no quote received other than that of the related parties, the Management will indicate this to the Audit Committee and will seek approval on this basis. The Company will provide a periodic update to the Audit Committee for all such transactions.
- (B) Sale of products and services (other than subsidiaries/Joint Ventures): Audit committee may give omnibus approval subject to such conditions as mentioned under the prevailing laws and the same will be valid for one year and shall require fresh approval from audit committee after the expiry of one year.
- (C) Taking facilities on lease and/or renting out facilities on lease and taking/lending administrative support services for these facilities: Specific approval of the Audit Committee shall be taken for entering into leasing transactions with related parties.
- (D) Transactions with subsidiaries/Joint Ventures: The Company will provide the basis for entering a transaction with the subsidiaries/Joint Ventures on an arm's length basis. The Audit Committee will consider the principle/basis for the arm's length price and will provide its approval for entering into the transactions with the subsidiaries/JVs on that principle for all the transactions in the ordinary course of business.

V. Disclosure

The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act 2013 should be disclosed in the Directors' Report for the financial years in Form AOC-2 enclosed as Annexure-I.

All material related party transactions that are entered into by the Company, are to be disclosed quarterly along with the compliance report on corporate governance pursuant to the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 23(9) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company shall submit, within 15 days from the date of publication of its financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format as specified by the SEBI from time to time, to the Stock Exchanges and publish the same on the website.

Provided that the Company shall make such disclosures every six months on the date of publication of its standalone/consolidated financial results with effect from April 1, 2023.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

VI. Amendment

The Company reserves the right to amend or modify this Policy in whole or in part, at any point in time.

Note: The provisions of the Companies Act, 2013 and rules thereto and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.

ANNEXURE - I

Form AOC - 2

Pursuant to *clause (h) of sub-section (3) of section 134, read with Section 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014:*

1. Details of contracts or arrangements or transactions not at arm's length basis:

2. Details of material contracts or arrangements or transactions at arm's length basis:

					(Rs. in lakhs)
Name(s) of the related party and nature of the relationship	Nature of contracts/ arrangement /transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any: