

CENTURY TEXTILES AND INDUSTRIES LIMITED
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RELATED PARTY TRANSACTION POLICY

(Effective from October 1, 2014)

1. Preamble

The Board of Directors (the "Board") of Century Textiles and Industries Limited (the "Company" or "CTIL"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Purpose

This policy is framed as per the requirements of applicable law, including Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and is 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 its policy concerning the materiality of such transactions and dealings with Related Parties.

3. Definitions

"Audit Committee" or "Committee" means the Audit Committee of the Board of Directors of the Company constituted under provisions of Regulation 18 of Listing Regulations and . Section 177 of the Companies Act, 2013.

"Board" means the Board of Directors of the Company.

"Control" shall have the same meaning as referred to in paragraph 9 of the Indian Accounting Standard 24.



“Key Managerial Personnel” means key managerial personnel as defined in section 2(51) of the Companies Act, 2013 and paragraph 9 of the Indian Accounting Standard 24 and includes:

- (i) The Chief Executive Officer or the Managing Director or the Manager;
- (ii) Company Secretary;
- (iii) The Whole-time Director
- (iv) Chief Financial Officer;
- (v) 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
- (vi) Such other officer as may be prescribed

“Material Related Party Transaction” A 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 the following thresholds:

- In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 2% of the annual consolidated turnover of the Company as per its last audited financial statements;
- In case of any other transaction(s), if the amount exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements.

“Policy” means this Related Party Transaction Policy.

- a) Related Party: A Related Party shall have the same meaning as defined under the Act and the Listing Regulations, as may be amended / modified from time to time.
- b) Related Party Transaction (RPT): A Related Party Transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract/arrangement.

4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for prior approval by the Committee in accordance with this Policy. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.



- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify:
- (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;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- d) Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- e) 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 Related Party Transactions shall require prior approval of Audit Committee.

Further, all Material Related Party Transactions shall require approval of the shareholders through a resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not and also, the details thereof shall be disclosed quarterly along with the compliance report on corporate governance.

4.1 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Name of the related party and nature of the related party relationship where control exists should be disclosed irrespective of whether or not there have been transactions between the related parties. Board/Audit Committee 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 Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.



4.2 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of the Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- √ Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis as if the transaction did not involve a Related Party;
- √ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- √ Whether the Related Party Transaction would affect the independence of an independent director;
- √ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- √ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed or the same would be detrimental to the Company; and
- √ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer 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/Committee deems relevant.



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 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- (i) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- (iii) Related party disclosure requirements as laid down in this Policy do not apply in circumstances where providing such disclosures would conflict with the Company's duty of confidentiality as specifically required in terms of a statute or by any regulator or similar competent authority.

5. Related Party Transactions not approved under this Policy.

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction and recovery of any loss sustained by the Company as a result thereof. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.



6. Interpretation

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

7. Disclosure

This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be disclosed on its website and a web link thereto shall be provided in the Annual Report.

8. Review

This Policy shall be reviewed by the Board of Directors at least once every three years, effective 1st April, 2019.

9. Revision History	
Effective from	1 st October, 2014
1 st Amendment	3 rd May, 2019

