

CRAVATEX LIMITED
POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND
ON DEALING WITH RELATED PARTY TRANSACTIONS
(Reviewed on April 1, 2019 and February 12, 2021)

1. OBJECTIVE OF THE POLICY

Related Party Transactions (“RPTs”) can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Related party transactions are governed by the Companies Act, 2013 (“Act”) read with the Rules framed there under, applicable accounting standards and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Further to the above Listing Regulations has mandated every listed company to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

Accordingly, the Company has framed this Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

2. TERMS AND REFERENCES

Terms referred in this Policy shall have the same meaning as defined in the Companies Act, 2013 (the “Act”), and Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) respectively as assigned to them in the said Act or Regulations or any statutory modifications or re-enactment thereto, as the case may be.

3. MATERIALITY OF RELATED PARTY TRANSACTIONS

The Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a resolution.

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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such sum as may be prescribed under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modifications or re-enactment thereof.

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 2% (two) percent of the annual consolidated turnover of the Company as per the last audited financial statements of

the Company or such sum as may be prescribed under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modifications or re-enactment thereof.

4. **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

a) Identification of related parties

Company shall identify Related Parties as per the definition provided in the applicable laws and regulations, including the Act and the Listing Regulations, as amended from time to time.

b) Identification of related party transactions

The Company will identify transactions falling under contracts and arrangements, as per the applicable laws, entered into with related parties for the consent of the Audit Committee, Board of Directors and shareholders, as may be applicable.

c) Procedure for approval of Related Party transactions

The Audit Committee, Board and Shareholders, as the case may be shall be provided with all relevant information of RPTs such as rationale for entering into transactions, terms & conditions, the business purpose of the transactions, the benefits to the Company and Related Party and such other information as may be prescribed under applicable laws.

- **Approval of the Audit Committee**

All related party transactions shall require the prior approval of the Audit Committee of the Board. However, the Company may obtain omnibus approval from the Audit Committee for related party transactions proposed to be entered into by the Company subject to and in the compliance with the Act and Rules made thereunder and Listing Regulations and any statutory modifications or re-enactment thereof.

- **Approval of Board of Directors**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval after prior approval is accorded by the Audit Committee.

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.

- **Approval of shareholders**

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 3 of the Policy, are placed before the shareholders for approval subject to and in accordance with the relevant provisions of the applicable laws

including the Act and Listing Regulations and all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or are not at arm's length basis; and (b) exceed the thresholds as mentioned in **Annexure - A** of this policy and laid down in the Companies (Meetings of Board and its Powers) Rules, 2014, are placed before the shareholders for its approval.

Requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary, if any, whose accounts are consolidated with the company.

5. DISCLOSURES BY THE COMPANY

- (a) The particulars of contracts or arrangement with Related Parties will be disclosed in the Register of Contracts or Arrangements in which directors are interested (refer Rule 16 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and in the Directors' report in Form AOC-2, in the manner prescribed in the Companies Act, 2013 and the Rules thereunder.
- (b) Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance and 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.

6. AMENDMENT OF THIS POLICY

The Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

7. EFFECTIVE DATE

The Policy is effective from 12th February, 2015.

Annexure - A

**Threshold Limits as laid down in the Companies
(Meetings of Board and its Powers) Rules, 2014**

| Sr. No. | Transaction | Threshold Limits |
|----------------|---|---|
| 1. | Sale, purchase or supply of any goods or material, directly or through appointment of agent, | Amounting to 10% (ten percent) or more of the turnover of the company or rupees 100 (one hundred) crore, whichever is lower. |
| 2. | Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, | Amounting to 10% (ten percent) or more of net worth of the company or rupees 100 (one hundred) crore, whichever is lower. |
| 3. | Leasing of property of any kind | Amounting to 10% (ten percent) or more of the net worth of company or 10% (ten per cent) or more of turnover of the company or rupees 100 (one hundred) crore, whichever is lower |
| 4. | Availing or rendering of any services, directly or through appointment of agent, | Amounting to 10% (ten percent) or more of the turnover of the company or rupees 50 (fifty) crore, whichever is lower |
| 5. | Appointment to any office or place of profit in the company, its subsidiary company or associate company | Monthly remuneration up to Rs.2,50,000/- (two and a half lakh). |
| 6. | Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company | 1% (one percent) of the net worth. |

Note: It is hereby clarified that the limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

CRAVATEX LIMITED
GUIDELINES REFERRED TO IN THE POLICY IN RESPECT OF
RELATED PARTY TRANSACTIONS (Reviewed on February 12, 2021)

1. IDENTIFICATION OF RELATED PARTY:

Pursuant to Policy on Related Party Transactions, the Company has formulated guidelines for identification and monitoring of related parties and the Company has put in place processes for identification and execution of such related party transactions.

The Related Parties, with respect to the Company, may be identified on the basis of Disclosures made by Directors and their relatives, and other information available with the Company, at different stages.

i) Disclosures of interest by Director/Key Management Personnel (KMP)

- (a) Section 184 of the Act requires every director to disclose his concern or interest in any company/ies, bodies corporate, firms or other association of individuals, by giving a notice in writing in **Form MBP – 1**, at the beginning of every Financial year , as well as whenever there is any change in such concern or interest.
- (b) In addition to Form MBP-1, every Director should give information of his relatives in the format given in **Schedule 1** to these Guidelines, at the beginning of every Financial year, as well as whenever there is any change in such concern or interest.
- (c) Every KMP shall disclose his concern/ interest and that of his relatives in the format given in **Schedule 1** to these Guidelines at the beginning of every Financial year, as well as whenever there is any change in such concern or interest.

ii) Responsibility for Disclosures and Frequency thereof

It is the responsibility of the Directors and KMPs of the Company, its holding companies and its subsidiary companies and associate companies to disclose details of their associations which fall within the ambit of ‘related party’ under Section 2(76) of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has defined a responsibility framework for disclosure of interest by such personnel. Suggested responsibilities for identification are tabulated below for reference:

| Disclosure to be made by / Checks to be performed | Recommended responsibility for compilation and administration | Recommended Frequency |
|--|--|---|
| Directors and KMPs of the Company | Company Secretary of the Company | Half yearly disclosures may be obtained apart from event based changes to be communicated, which needs to be disclosed immediately upon any change. |

| | | |
|---|---|--|
| Directors and KMPs of the Holding Company | Company Secretary to coordinate with company secretary of the holding company to obtain the details regarding the Directors and KMPs of the holding company. | Half yearly statements of details may be obtained from the Company Secretary of the immediate holding company, apart from event based changes, which need to be disclosed and updated immediately upon any change. |
| Structure of the Company and investments made in / by the Company | CFO/ Company Secretary to review structure of the company for identification of associates, subsidiaries, fellow subsidiaries, joint ventures and related parties by virtue of holdings or investments made by the company in other companies or firms or holdings/ investments made by other companies in the company. | Annual statement to be prepared by the CFO / Company Secretary, apart from event based changes, which need to be updated immediately upon such change. |

iii) **Creation of Database of Related Parties**

The Company Secretary shall be responsible for compilation of the list of related parties and its periodic updation based on the information furnished by the Directors and KMPs and to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Director or Key Managerial Personnel of the holding company;
6. All Group entities; and
7. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Accounting Standard.-18

iv) **Vendor/ Customer master**

All parties which are identified as related party should be flagged separately, in the vendor / customer master maintained in the ERP. All existing and new customers / vendors which are related parties will also be flagged post completion of the initial identification activity.

v) **Monitoring**

The Company has instituted a process for periodic monitoring of disclosures made with respect to 'related party' and compliance with the obligations which includes:

- Periodic validation by the management.
- Independent validation and check by an internal auditor/ secretarial auditor appointed with specific terms of reference in this regard.

2. CRITERIA TO BE CONSIDERED BY THE AUDIT COMMITTEE FOR GRANTING APPROVAL TO A RPT:

The Audit Committee shall have regard to the following aspects before granting approval to any RPT:

- The rationale and necessity for entering into such an RPT;
- Whether any compelling business or commercial reasons or justification exist for the Company to enter into the RPT and the availability, if any, of similar transactions between the Company and unrelated counterparties or between two unrelated parties about the same time;
- Whether the transaction is in the Ordinary Course of Business and on Arm's length basis;
- Whether the terms and provisions of the RPT, viewed in their totality, are fair and the transaction is at arm's length, that is to say, whether it is similar to a transaction conducted as if between two unrelated parties, so that there is no conflict of interest;
- Whether any special or unusual benefits, rights or privileges are extended or given to the related party by the Company which would normally not feature in a similar transaction, were it to be entered into by the Company with an unrelated party or between two unrelated parties;
- Whether the consideration/compensation to be paid to the related party under or pursuant to the transaction is, or can be regarded as being, commensurate with the obligations undertaken by such related party, and/or the scope of services provided by it thereunder;
- Whether the transaction is unreasonably or unfairly weighted in favour of the related party vis-a-vis price, terms of credit and payment, interest payable or in any other manner or gives rise, or is likely to give rise, to any conflict of interest;
- Whether the RPT will or is likely to, affect the independence of judgment of any of the independent Directors on the Board;
- Whether the RPT is likely to give rise in any manner to a conflict of interest and duty for any Director or Key Managerial Personnel of the Company;
- Whether the RPT would or is likely to give rise to any potential reputational risk for the Company and/or its Directors;
- Any other aspects or factors that may be relevant or material in the opinion of the Committee.

3. OMNIBUS APPROVAL BY AUDIT COMMITTEE:

The Audit Committee may, owing to the repetitive nature of transactions to be entered into or when the need for RPT's cannot be foreseen in advance, grant **Omnibus Approval** for such RPTs in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or a period not exceeding one year, subject to the following conditions:

- (i) the transactions satisfy the general criteria laid down for approval of RPTs (refer para 3);
- (ii) the Audit Committee is satisfied as to the need for such **Omnibus Approval** and that grant of such approval is in the interest of the Company;
- (iii) such **Omnibus Approval** may be of two types, namely:

- (a) an **Omnibus Approval** specifying the name of the related parties, the nature, period and the maximum amount of the transaction that can be entered into, the indicative base price/current contracted price and the formula for variation in price, if any and such other conditions as the Audit Committee may deem fit.

OR

- (b) where the need for the RPT cannot be foreseen and the details mentioned in (a) above are not available, an **Omnibus Approval** for RPTs subject to their value not exceeding Rs.1 crore per transaction.
- (iv) The Audit Committee may grant Omnibus approval subject to such conditions as it may deem fit.
- (v) The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each **Omnibus Approval** given;
- (vi) All such **Omnibus Approvals** shall require fresh approval after the expiry of one year.

4. APPROVAL OF RPTS BY THE BOARD OF DIRECTORS:

In addition to the approval of the Audit Committee for any RPT, the following transactions with any Related Party shall also require the approval of the Board of Directors of the Company **unless they are entered into by the Company in the ordinary course of its business and on arm's length basis:**

- (i) Sale, purchase or supply of any goods or services;
- (ii) Selling or otherwise disposing of, or buying, property of any kind;
- (iii) Leasing of property of any kind;
- (iv) Availing or rendering of any services;
- (v) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (vi) Appointment of the Related Party to any office or place of profit in the Company, its subsidiary or associate company; and
- (vii) Underwriting the subscription of any securities or derivatives thereof of the Company.

Where the Company is required to obtain the prior consent of its Board of Directors by a resolution at a meeting of the Board, pursuant to section 188(1) of the Act, the Agenda of the Board meeting at which the resolution granting consent is proposed to be moved shall disclose such particulars regarding the transaction as listed out in Rule 15(1) of the Companies (Meetings of the Board and its Powers) Rules, 2014.

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.

5. APPROVAL OF THE SHAREHOLDERS:

Related Party Transactions which are required to be approved by the shareholders of the Company under the Act or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be entered into only after the approval has been

accorded by the shareholders. The company shall ensure the restrictions on voting by the Related Parties as prescribed are complied while obtaining the approval of the shareholders.

6. MATERIALITY OF RPTS:

- (a) A transaction between the Company and a related party is to be considered as **material** if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual consolidated turnover of the Company as per its last audited financial statements.

All material RPTs, (whether or not they are entered into by the Company in the ordinary course of its business and are also arms length transaction) shall also require the approval of the shareholders of the Company in general meeting by a special resolution, and the related parties shall abstain from voting on such resolutions.

However, material transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders for approval at the general meeting, would not require any approval of the shareholders.

- (b) In addition to the material RPTs as stated above, the following transactions with RPTs shall also require prior approval of shareholders by a Special Resolution as per section 188 of the Act read with the relevant Rules thereunder:**

- (i)** Sale, purchase or supply of any goods or materials, directly or through an agent, exceeding ten percent of the turnover of the Company or Rs.100 crores, whichever is lower;
- (ii)** Availing or rendering of any services, directly or through an agent, exceeding ten percent of the turnover of the Company or Rs.50 crores, whichever is lower;
- (iii)** Selling or otherwise disposing of, or buying, property of any kind, directly or through an agent, exceeding ten percent of the net worth of the Company or Rs.100 crores, whichever is lower;
- (iv)** Leasing of property of any kind, exceeding ten percent of the turnover of the Company or Rs.100 crores, whichever is lower;

- (c) The **Explanatory Statement** annexed to the Notice issued by the Company convening the general meeting for seeking approval of its Shareholders by special resolution shall contain such details as enumerated in Rule 15(1) of the Companies (Meetings of the Board and its Powers) Rules, 2014.

7. MEANING OF 'ORDINARY COURSE OF BUSINESS':

In order to determine whether the transaction is in the Ordinary Course of the Company's business, the following points enumerated in Black's Law Dictionary may be considered:

- Whether the transaction of business according to the usages and customs of the commercial world generally or of the particular community or (in some cases) of the particular individual whose acts are under consideration.
- Whether the transaction is as per the normal routine in managing a trade or business.
- Whether a particular act done is in the course of business or not is really a question of fact and that must be determined according to the evidence led and the circumstances of the case. It must be found as to whether the particular act has any connection with the normal business that the company is carrying on and whether it is so related to the business of the company that it can be considered to be performed in the ordinary course of the business of that company.
- In deciding whether a particular transaction is one which took place in the ordinary course of business or not, it has been held in several decisions that a stray or casual transaction would not amount to a transaction done in the ordinary course of business.
- Expression ‘in the ordinary course of business’ means in the ordinary course of a professional avocation or current routine of business which was usually followed by the person whose declaration it is sought to be introduced.
- To regard an activity as business there must be a course of dealings, either actually continued or contemplated to be continued with a profit motive, and not for sport or pleasure. Whether a person carries on business in a particular commodity must depend upon the volume, frequency, continuity and regularity of transactions of purchase and sale in a class of goods and the transactions must ordinarily be entered into with a profit motive.
- The expression “usual course of business” is also found in certain sections of some Acts. These expressions are not statutorily defined in any one of these Acts, but there can be no doubt that they all indicate and imply uniformity of dealings, a certain degree of routine in business practice.
- The expression “statement made in the ordinary course of business” means a statement made during the course not of any particular transaction of an exceptional kind, but of business or professional employment in which the deceased was ordinarily and habitually engaged.

8. MEANING OF ARM’S LENGTH TRANSACTION:

The primary objective of the Act is to avoid a conflict of interest. The Act does not prescribe rules, approach or methodology for determining whether a transaction is an arm’s length transaction. However, the Explanation given in section 188 of the Act provides that ‘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. Therefore, whether the transaction is on ‘arm’s length basis’ or not has to be determined by examining the terms and conditions of every such transaction on a case to case basis.

A reference to the provisions on arm’s length transactions in the Income Tax Act, 1961 and the Rules made thereunder may also provide guidance as to whether a transaction was entered into on an arm’s length basis:

- (i) Section 92C of the Income Tax Act, 1961 read with Rule 10B of the Income Tax Rules provides that the arm's length price in relation to an international transaction or specified domestic transaction is to be determined by any of the following methods, namely:
- a. comparable uncontrolled price method;
 - b. resale price method;
 - c. cost plus method;
 - d. profit split method;
 - e. transactional net margin method; and
 - f. such other method as may be prescribed by the Board.
- (ii) Further, Rule 10AB of the Income Tax Rules provides "for the purposes of clause (f) of sub-section(1) of section 92C, the other method for determination of the arm's length price in relation to an international transaction or a specified domestic transaction shall be any method which takes into account the price which has been charged or paid, or would have been charged or paid for the same or similar uncontrolled transaction, with or between non-associated enterprises, under similar circumstances, considering all the relevant facts.

Definitions:

1) Section 2(76) defines a 'related party', with reference to the Company, to mean –

- (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 his partner;
- (iv) a private company in which a director or manager is a member, or his relative or director;
- (v) a public company in which a director or manager is a director and 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 advice, directions or instructions a director or manager is accustomed to act;

Provided that nothing in (vi) and (vii) above 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) a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

2) As per Accounting Standard 18 ("AS18") "related parties" are:-

- a) enterprises that directly, or indirectly through one or more intermediaries control, or are controlled by, or are under common control with, the Company (including its holding company, subsidiaries and fellow subsidiaries);

- b) associate company of the Company and joint ventures of the Company and the investing party or venture in respect of which the Company is an associate or a joint venture;
- c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them control or significant influence over the Company, and relatives of any such individual;
- d) key management personnel and their relatives; and
- e) enterprises over which any person described in c) or d) above is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the Company and enterprises that have a member of key management in common with the Company.

For purposes of the above meaning of ‘related parties’ as per AS18:

- a. A subsidiary company, shall mean a company in which the Holding Company holds, either by itself and/or through one or more subsidiaries, more than one-half in nominal value of its equity share capital; or of which the Holding Company controls, either by itself and/or through one or more subsidiaries, the composition of its board of directors.
- b. The Company will be considered to control the composition of the Board, if it has the power, without the consent or concurrence of any other person, to appoint or remove all or a majority of directors of the Company. The Company will be deemed to have the power to appoint a director if any of the following conditions is satisfied:
 - (i) a person cannot be appointed as director without the exercise in his favour by the Company of such a power as aforesaid; or
 - (ii) a person’s appointment as director follows necessarily from his appointment to a position held by him in the Company; or
 - (iii) the director is nominated by the Company or its subsidiary.
- c. The Company will be considered to control the governing body of an enterprise that is not a company, if it has the power, without the consent or the concurrence of any other person, to appoint or remove all or a majority of members of the governing body of that other enterprise. An enterprise is deemed to have the power to appoint a member if any of the following conditions is satisfied:
 - (i) a person cannot be appointed as member of the governing body without the exercise in his favour by that other enterprise of such a power as aforesaid; or
 - (ii) a person’s appointment as member of the governing body follows necessarily from his appointment to a position held by him in that other enterprise; or
 - (iii) the member of the governing body is nominated by that other enterprise.

‘Control’ shall mean, the ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or a substantial interest in voting

power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise. An enterprise/individual is considered to have a substantial interest in another enterprise if that enterprise/individual owns, directly or indirectly, 20% (twenty percent) or more interest in the voting power of the other enterprise.

- d. The term 'significant influence' shall mean the participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.
- e. The term 'associate company' shall mean one in which the Company will have significant influence and which is neither a subsidiary nor a joint venture of the Company.
- f. The term 'relative' shall mean, in relation to an individual, the spouse, son, daughter, brother, sister, father and mother who may be expected to influence, or be influenced by, that individual in his/her dealings with the Company.

3) Relative – section 2(76) (read with the Rule 4 of the Companies (Specifications of Definitions Details) Rules, 2014.

Relative has been defined to mean any one who is related to another, if:

- they are members of a Hindu Undivided Family;
- they are husband and wife
- father including stepfather
- mother including stepmother
- son including stepson
- son's wife (which would also include stepson's wife)
- daughter
- daughter's husband including
- brother including stepbrother
- sister including stepsister

4) Key Managerial Personnel – section 2(51) in relation to a Company, means -

- the Chief Executive Officer or the managing director or the manager;
- the company secretary;
- the whole-time director;
- the Chief Financial Officer; and
- such other officer as may be prescribed;

5) Manager – section 2(53)

An individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

6) Holding Company – section 2(46)

In relation to one or more other companies, means a company of which such companies are subsidiary companies.

7) Subsidiary Company or Subsidiary – section 2(87)

In relation to any other company, that is to say, the Holding company, means a company in which the holding company;

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the Total Share Capital
 - either at its own; or
 - together with one or more of its subsidiary companies

Explanation:

- a. a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b. the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company, by exercise of some power exercisable by it at its discretion, can appoint or remove all or a majority of the directors;
- c. the expression “company” includes any body corporate.

8) Associate Company – section 2(6)

In relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation: For the purposes of this clause, “significant influence” means control of at least 20% of the total share capital, or of business decisions under an agreement.

9) Control – section 2(27)

“control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

SCHEDULE 1

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,
 The Company Secretary/Compliance Officer
 Cravatex Limited
 Ground Floor (East Wing), Forbes Building,
 Charanjit Rai Marg, Fort, Mumbai – 400 001

Dear Sir,

A. I,, son/daughter/spouse of, resident of, holding Shares (equity or preference) of Rs.10/- each (..... percent of the paid-up Capital) in the Company in my name, being a in the Company, hereby give notice that I am interested directly / through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

| Sr. No. | Name of the Companies/Bodies Corporate/Firms/ Association of Individuals | Nature of Interest or concern/Change in Interest or Concern | Shareholding | Date on which Interest or Concern arose/changed |
|---------|--|---|--------------|---|
| | | | | |
| | | | | |

B. The following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions:

| Sr. No. | Name of the Body Corporate |
|---------|----------------------------|
| | |

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

| Sr. No. | Name of the Person | Relation |
|---------|--------------------|----------|
| | | |

Signature:
 Name:
 Designation:

Place:
 Date: