

# RELATED PARTY TRANSACTIONS POLICY (MARBLE CITY INDIA LIMITED)

## PREAMBLE

The Board of Directors of **Marble City India Limited** has adopted the following policy and procedures with regard to Related Party Transactions (including materiality of related party transactions and dealing with related party transactions) as defined below. The Audit Committee is to review and shall, from time to time, recommend amendments, if any, in this policy to the Board. This policy is applicable to the Company. Further, this policy shall also be reviewed by the Board of Directors at least once in every three years and updated accordingly. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

This policy is prepared in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘Listing Regulations’) as amended and Section 177 and 188 of the Companies Act, 2013 read with the Rules made thereunder. Regulation 23(1) of the Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In the light of the above, the Company has framed this Policy on Related Party Transactions. This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

## DEFINITIONS

“**Arm’s length transaction**” means, transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Audit Committee**” means the audit committee of the Board of directors of the Company.

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

“**Key Managerial Personnel**” means Key Managerial Personnel as defined in sub-section (51) of Section 2 of the Companies Act, 2013.

“**Ordinary Course of Business**” means, transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

“**Material related party transaction**” in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party

during a financial year, exceeds ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“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 listed entity as per the last audited financial statements of the listed entity.”

“**Related Party**” in relation to the Company means a party related with the Company in any of the ways as laid down in section 2(76) of the Companies Act, 2013 and Clause- 2 (zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Related party transaction**” in relation to the Company means a transaction with respect to:

- i. Sale, purchase or supply of any goods or materials;
- 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. Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Company;

### **Approval mechanism for RPTs under LODR Regulations and the Act**

**Related Party Transactions shall require approval as follows -**

1. All Related Party Transactions of the Company with its Related Parties shall require prior approval of the Audit Committee. Any subsequent modification (including material modifications) thereto, shall require approval of Audit Committee.
2. All Material Related Party Transactions and any material modification thereto, shall require prior approval of shareholders of the Company.

The Company shall ensure compliance with the relevant provisions of the LODR Regulations, (as amended from time to time) and the Act (as amended from time to time) governing related party transactions, in the following manner:

### **CRITERIA FOR GRANTING APPROVAL (INCLUDING OMNIBUS APPROVAL):**

In determining whether to approve a Related Party Transaction, the Audit Committee is to consider inter-alia the following factors to the extent relevant to the Related Party Transaction:

- a) Whether the transaction is in the ordinary course of business of the company.
- b) Whether the terms of the transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- c) Whether there are any undue compelling business reasons for the Company to enter into the transaction and the nature of alternative transactions, if any;
- d) Whether the transaction would affect the independence of the directors/KMP;
- e) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- f) Where the ratification of the transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company;

**ADDITIONAL CRITERIA FOR GRANTING OMNIBUS APPROVAL:**

- a) Maximum value of the transactions, in aggregate, which can be allowed under the omnibus approval route in a year shall be Rs. 5 crore.
- b) The maximum value per transaction which can be allowed shall be Rs. 50 lakh.
- c) Related Party transaction to be entered by company with Related Party shall be repetitive. The criteria for repetitive transactions may be on quarterly basis or monthly basis or half yearly basis.
- d) Any Transaction which Board of Directors decides or approves shall not be subject to the omnibus approval by the audit committee.
- e) Audit Committee shall review Related Party Transactions entered into by the company at such intervals as may be prescribed in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**THE OMNIBUS APPROVAL GRANTED BY THE AUDIT COMMITTEE SHALL SPECIFY THE FOLLOWING:**

- a) Name of the related parties;
- b) Nature and duration of the transaction;
- c) Maximum amount of transaction that can be entered into;
- d) The indicative base price or current contracted price and the formula for variation in the price, if any; and
- e) Any other information relevant or important for the Audit committee to take a decision on the proposed transaction:

## **APPROVAL OF SHAREHOLDERS**

If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction. The provisions of regulation 23(2), (3) and (4) of Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

## **RATIFICATION OF RELATED PARTY TRANSACTIONS**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 transactions within a period of three months from the date of entering into such a transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control system, and shall take any such actions it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of the Policy.

## **RATIFICATION OF RELATED PARTY TRANSACTIONS BY BOARD/ SHAREHOLDERS**

In a case where the aforesaid transaction has been ratified by the audit committee, the same shall also be required to be ratified by the board in case where the same is not in the ordinary course or at arm's length. Furthermore, if the said transaction is a material related party transaction, then the same will also be required to be placed before the shareholders for their approval.

## **REVIEW OF RELATED PARTY TRANSACTIONS AND POLICY**

The Audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approval given.

## **AMENDMENT**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.