

## **Policy on Related Party Transactions**

The Companies Act 2013 together with the Rules notified thereunder, Regulation 23 of the SEBI LODR Regulations, and related circulars, clarifications, guidelines and notifications issued thereunder (together referred to as “the applicable laws”), provide a framework for regulating transactions with Related Parties.

### **1. Objective**

The objective of this Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company in this regard and to ensure proper approval and reporting of transactions between the Company and its Related Parties.

The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations, as may be amended from time to time.

### **2. Definitions**

“The Act” means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”).

“Accounting Standards” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

“Associate Company” 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.

“Policy” means Policy on Related Party Transactions.

“Board” means Board of Directors of the Company.

“Audit Committee” means Committee of Board of Directors of the Company constituted as such under the applicable laws.

“Key Managerial Personnel” or “KMP” means Key Managerial Personnel in relation to a Company as defined sub-section 51 of Section 2 of the Companies Act, 2013.

“Related Party” means a related party as defined: under sub-section (76) of section 2 of the Companies Act, 2013; under the applicable accounting standards and a related party under Regulation 2(1)(zb) of the SEBI LODR Regulations.

## Policy on Related Party Transactions

“Related Party Transaction” means:

- (i) a transaction between the Company and a Related Party which is of the nature specified in sub-clause (a) to (g) of Section 188(1) of the Act; and
- (ii) a transaction involving transfer of resources, services or obligations, regardless of whether a price is charged, between parties as specified under Regulation 2(1)(zc) of SEBI LODR Regulations;

Explanation: Related Party Transaction includes a single transaction or a group of transactions in a contract.

Following transactions shall not be Related Party Transactions:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - (i) payment of dividend;
  - (ii) subdivision or consolidation of securities;
  - (iii) issuance of securities by way of a rights issue or a bonus issue; and
  - (iv) buy-back of securities.

“Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “SEBI LODR Regulation”).

“Subsequent Material Modifications” shall mean any modifications with respect to the following:

- (i) Increase in the limit of amounts approved for a Related Party Transaction with a Related Party in a financial year;
- (ii) significant terms and conditions of the contract with a Related Party such as modifications in price, margin, significant alteration to the credit period and material changes in scope of deliverables;
- (iii) any other modification which as per the directions of the Audit Committee may be deemed material on case-to-case basis.

“Material Related Party Transaction” means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:

- (i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% (five) of the annual consolidated turnover of the Company as per its last audited financial statements;
- (ii) In case of any other transaction(s), if the amount exceeds Rs. 1,000 crores or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

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“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.

“Transactions in the ordinary course of business” mean transactions/activities that are connected to or necessary for the business of the Company and satisfy the following principles:

- a) The transaction/activity is permitted under the Memorandum and the Articles of Association of the Company;
- b) The transaction/activity is carried on a frequent or regular basis or is as per the industry practice and
- c) The terms of the transaction/activity are similar to those which would be otherwise applicable to transactions with unrelated parties.

### **3. Policy**

All Related Party Transactions must be reported to the Audit Committee and referred for approval of the Committee or the Board or Shareholders as required under this Policy.

#### **3.1 Identification of Related Party Transactions:**

1. Each Director and Key Managerial Personnel is responsible for providing notice to the Board/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. Upon receipt of such notice, the CFO is authorised to determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
2. The Company Secretary shall be responsible for always keeping a record of all Related Parties of the Company and the transactions with all Related Parties.
3. As regards transactions with Related Parties that require prior approval of the Board/Audit Committee, the Company Secretary shall be responsible to notify the Board/ Audit Committee of any such potential Related Party Transactions.
4. The notice of any potential Related Party Transaction shall be given well in advance to the Board/ Audit Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

#### **3.2 Approval of Related Party Transactions**

##### **Audit Committee**

1. All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company.

Provided that a Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party shall require prior approval of the Audit Committee only if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds or such other thresholds as prescribed under SEBI LODR Regulations from time to time: 10% of annual standalone turnover, as per the last audited financial statements of the respective subsidiary from FY 2023-24 onwards

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2. A prior approval of the Audit Committee shall be required for all Related Party Transactions except for the following:

- a) transactions between the Company and its wholly owned subsidiary/(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval “(WOS Transactions)”

Provided that any of the above Related Party Transaction which is not in the ordinary course of business or not at arm’s length shall require a prior approval of the Audit Committee.

- b) Unforeseen Related Party Transactions, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs.1 crore per transaction in a financial year.

The Audit Committee shall approve the transactions listed under points (a) and (b) above subsequently. Related Party Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before its shareholders at the general meeting for approval, shall not require approval of the Audit Committee.

### **Board of Directors**

Following transactions shall require a prior approval of the Board:

- i) Related Party Transactions which are not in the ordinary course of business or not at arm’s
- ii) length price and ii) Material Related Party Transactions.

### **Shareholders of the Company**

1. All Material Related Party Transactions and Subsequent Material Modifications shall require prior approval of the Shareholders of the Company by way of a resolution and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not. The omnibus shareholders’ approval of material related party transactions approved in an annual general meeting shall be valid up to the date of the next annual general meeting for a period not exceeding fifteen months. Further in case of omnibus approval for material related party transactions, obtained from Shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year.
2. All Related Party Transactions which are not in the ordinary course of business or not at arm’s length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require an approval of the Shareholders by way of a resolution; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.

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### **3.3 Deemed Approval**

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant committee shall be deemed to be approved for the purpose of this Policy. Such transactions are enumerated below:

- a) Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
- b) Payment of remuneration, fees, commission, etc. to Directors of the Company pursuant to approval of the Nomination and Remuneration Committee;
- c) Grant/issuance of stock options or stock appreciation rights or other share based benefits to and payments made to/received from Directors or Key Managerial Personnel of the Company or directors/key managerial personnel/officers of its subsidiaries/associates pursuant to such share based incentive plans as approved by shareholders.
- d) Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.
- e) Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

### **4. Approval Mechanism**

1. While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws, including any regulations, circulars, clarifications, or notifications issued by SEBI or Ministry of Corporate Affairs, or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.
2. Audit committee can grant omnibus approval for Related Party Transactions considering repetitive nature of the transactions.
3. The Audit Committee, shall, after being authorized by the Board of Directors, specify the criteria for granting omnibus approvals to the Related Party Transactions proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such omnibus approvals shall be valid for one financial year. The Audit Committee shall, while granting such omnibus approvals, satisfy itself about the adherence to the criteria so specified by it.
4. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.

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5. The omnibus approval shall specify-
  - i. the name(s) of the Related Party,
  - ii. nature of transaction,
  - iii. period of transaction,
  - iv. maximum amount of transactions that shall be entered into;
  - v. the indicative base price/current contracted price and the formula for variation in the price if any
  - vi. Any other information relevant or important for the Committee to take decision on the proposed transaction.
6. In case of Unforeseen Related Party Transactions, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs.1 crore per transaction in a financial year.
7. All Material Related Party Transactions shall be reviewed and validated by the Statutory Auditors of the Company and confirmation of the same shall be made to the Audit Committee, the Board of Directors and the Shareholders of the Company while seeking the necessary approvals
8. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company.

### 5. Disclosure

- 5.1 Appropriate disclosures as required under the Laws shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.
- 5.2 The company shall disclose the policy on dealing with Related Party Transactions on its website i.e. [www.madhavmarbles.com](http://www.madhavmarbles.com) and a web link thereto shall be provided in the Annual Report of the Company.
- 5.3 The Company shall submit to the stock exchanges disclosures of Related Party Transactions in the format as specified by the SEBI from time to time, every six months on the date of publication of its standalone and consolidated financial results, and publish the same on its website.
- 5.4 Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

## **Policy on Related Party Transactions**

### **6.General**

6.1 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 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.

6.2 The Policy would be subject to revision/amendment in accordance with the Laws. The Board of Directors shall review the Policy at least once in three years to make suitable amendments for better implementation of the Policy.

-6.3. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy. Any subsequent amendment(s)/ modification(s)/ circular(s)/ clarification(s)/ notification(s) in/under the SEBI LODR Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment thereof, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

6.4. The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

6.5 Non – Adherence to any of the Clause as mentioned in this Policy will attract penalty as prescribed under Section 188 of the Act.

6.5. In the event of any conflict between the provisions of this Policy and of SEBI LODR / the Act or any other statutory enactments, rules, then later shall prevail.