

## **RELATED PARTY TRANSACTION POLICY**

### **1. INTRODUCTION**

MURUDESHWAR CERAMICS LIMITED (the “Company” recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company’s and its stakeholders’ best interest.

The Company must specifically ensure that certain Related Party Transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, this policy regarding the review and approval of Related Party Transactions has been adopted by the Company’s Board of Directors’ in order to set forth the procedures under which certain transactions must be reviewed or ratified.

The equity listing agreement with stock exchanges mandates formulation of a policy on transactions with related parties and dealing with Related Party Transactions. As part of its Corporate Governance practices, the Board of Directors (the “Board”) MURUDESHWAR CERAMICS LIMITED has adopted the following policy and procedure with regard to Related Party Transactions.

### **2. APPLICABILITY AND EFFECTIVE DATE**

This policy will be applicable to the Company with effect from 1st April, 2014 to regulate transactions between the Company and its Related Parties based to the applicable laws and regulations and subject of review by the Board of Directors from time to time as require by laws.

### **3. PURPOSE:**

This policy was originally framed pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and revised in accordance with the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘Listing Regulations’) read with SEBI’s Notification dated May 9, 2018 and Sections 177 and 188 of the Companies Act, 2013 read with Rules made thereunder (the ‘Act’) including any amendments and /or any modifications thereof.

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#### 4. DEFINITIONS

**“Act”** shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

**“Arm’s Length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

**“Audit Committee” or “Committee”** means “Audit Committee” of the Board of Directors of the Company.

**“Board of Directors” or “Board”** means the Board of Directors of the Company MURUDESHWAR CERAMICS LIMITED.

**“Key Managerial Personnel”** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder and including the following:

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole- time Director;
- Company Secretary;
- Chief Financial Officer; and
- Such other officer(s), as may be prescribed

**“Policy”** means Related Party Transaction Policy of the Company.

**“Related Party”** means a person or an entity.

- (i) Which is a related party under section 2(76) of the Companies Act, 2013; or
- (ii) Which is a related party under the applicable accounting Standards or
- (iii) Which is related party under the Regulation 23 read Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**Related party** under Section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows:

- (i) A director or his relative;
- (ii) A key managerial personnel or his relative;

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- (iii) A firm, in which a director, manager or his relative is a partner;
- (iv) A private company in which a director or manager is a member or director;
- (v) A public company in which a director or manager is a director or holds along with his relatives, more than 2% of its paid-up share capital;
- (vi) Anybody 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:

**'Related Party Transaction'** means a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

**"Material Related Party Transaction"** means a transaction with a related party where the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, is in excess of the lower of the under-mentioned limits:

- (I) ten percent of the annual consolidated turnover of the company as per the last audited financial statements or
- (II) the threshold limits mentioned in (a) to (f) below as per the Companies Act, 2013 read with Rules framed thereunder and notified from time to time, which presently is:
  - (a) When a transaction involves sale, purchase or supply of any goods and material exceeding 10% of Annual Turnover as per last years Audited Financial Statement or exceeds Rs.100 Crs whichever is lower.
  - (b) When a transaction involves selling or buying of any property exceeding 10% of Net Worth of the Company as per last years Audited Financial Statement or Rs.100 Crs whichever is lower.
  - (c) When a transaction involves leasing of property of any kind exceeding 10% of Net Worth or 10% of turnover or Rs.100 Crs whichever is lower.
  - (d) When a transaction involves availing or rendering any services exceeding 10% of the turnover of the Company or Rs.50 Crs whichever is lower.

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(e) When a transaction involves appointment to any office or place of profit in the Company, its subsidiaries or associates at a monthly remuneration exceeding Rs.2,50,000/-.

(f) When a transaction involves remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding one percent of the Net Worth..

**“Relatives” “Relative”**, with reference to any person, means anyone who is related to another, if-

- (i) They are members of a Hindu undivided Family
- (ii) They are husband and wife; or
- (iii) One person is related to the other person as;

- (a) Father (including step-father)
- (b) Mother (including step -mother)
- (c) Son (including step-son)
- (d) Son’s wife
- (e) Daughter
- (f) Daughter’s husband
- (g) Brother (including step-brother)
- (h) Sister (including step-sister)

## **5. POLICY**

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

### **5.1 Identification of potential Related Party Transactions**

1. Group Companies: All the Companies in RNS Group will be considered as Related Parties
2. Key Managerial Personnel and connected Related Parties: Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the Disclosure of Interest. The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the Holding Company/ies or their relative.
3. The Company will identify the potential transactions with the Related Parties.

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The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed transaction.

## **5.2 Review and approval of Related Party Transactions:**

### **Audit Committee:**

Every Related Party Transaction shall be subject to the Prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the company which are repetitive in nature and are in the ordinary course of business and on at Arms' Length basis, subject to compliance of the conditions contained in Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee shall lay down the criteria for granting omnibus approval for RPTs which shall, inter alia, include the following:

- a. Name of Related Party, nature of transaction, maximum value of the transactions which can be allowed under the omnibus route and maximum value per transaction, in a financial year;
- b. Quarterly review of RPTs entered into by the Company pursuant to the omnibus approval;
- c. Period of validity of omnibus approval which shall not exceed one financial year and shall require fresh approvals after expiry of the one year.

Where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or potential Related Party Transactions and/or Prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Agreement with the Stock Exchanges.

Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee.

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**Board:**

If the Committee determines that a Related Party Transaction should be brought before the Board, if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and 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.

**Shareholders:**

All the material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the related parties shall abstain from voting on such resolution.

**5.3 Material Related Party Transactions**

A transaction with a Related Party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the consolidated annual turnover as per last audited financial statements of the Company.

**6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this policy prior to its consummations, 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 may examine the facts and circumstances of the case and take any such action it deems appropriate.

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## **7. GENERAL PRINCIPLES**

- i) It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, Board Members and Shareholders, including abuse in Related Party Transactions.
- ii) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- iii) The Audit Committee shall have the following powers with respect to Related Party Transactions; - To seek information from any employee - To obtain outside legal or other professional advice - To secure attendance of outsiders with relevant expertise, if it considers necessary - To investigate any related party transaction.
- iv) The CFO of the Company is authorized to issue necessary guidelines/instructions for implementation of this policy.
- v) The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this policy.

## **7. DISCLOSURES**

Details of all material transactions with Related Parties shall be disclosed to stock exchanges quarterly along with the compliance report on corporate governance. The Company shall disclose the policy on dealing with Related Party Transactions on its website and web-link shall be provided in the Annual Report.

## **8. AMENDMENTS IN LAW**

Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.

*Reviewed and updated in the Board Meeting held on 29.05.2019*