

# **ELEGANT MARBLES & GRANI INDUSTRIES LTD.**

**Manufacturers / Importers / Exporters of Mirror Polished Italian Marbles & Granites**

## **POLICY ON RELATED PARTY TRANSACTIONS**

### **1. PREAMBLE**

**ELEGANT MARBLES AND GRANI INDUSTRIES LIMITED** (“the Company”) has always been committed to good corporate governance practices. As a matter of practice, the Company follows an arm’s length basis in transacting business with its related parties which are in its ordinary course of business.

The Board of Directors has adopted this policy on the recommendations of the Audit Committee. The said policy includes materiality thresholds and the manner in dealing with the Related Party Transactions (“the Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 the erstwhile Clause 49 of the Equity Listing Agreement with the Stock Exchange and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)<sup>1</sup>. Any amendments to the said policy will be considered by the Board of Directors on the recommendations of the Audit Committee.

The Policy applies to the transactions between the Company and one or more of its related parties. Such transactions are appropriate only if they are in the best interest of the Company and its Stakeholders.

### **2. INTENT**

The erstwhile Equity Listing Agreement with the Stock Exchange and the Listing Regulations<sup>2</sup> mandate the formulation of a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

### **3. DEFINITIONS**

3.1 “Act” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

1. *Inserted words SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).*

2. *Inserted words Listing Regulations*

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- 3.2 “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.
- 3.3 “Audit Committee” means a Committee of the Board of Directors of the Company, constituted as per the provisions of Section 177 of the Companies Act, 2013.
- 3.4 “Board of Directors” or “Board” in relation to a Company, means the collective body of the Directors of the Company.
- 3.5 “Company” means ELEGANT MARBLES AND GRANI INDUSTRIES LIMITED.
- 3.6 “Key Managerial Personnel” means the Key Managerial Personnel of the Company in terms of Section 2(51) of the Act.
- 3.7 “Listing Agreement” means Equity Listing Agreement of the Company with the Stock Exchange.
- 3.8 “Material Related Party Transactions” means a Related Party Transaction which 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 the last audited financial statements.
- 3.9 “Policy” means the current policy on Related Party Transactions, including amendments, if any, from time to time.
- 3.10 “Related Party” means a related party as defined under Section 2(76) of the Act read with Clause 49 of the erstwhile Listing Agreement and the Listing Regulations as amended from time to time.
- 3.11 “Related Party Transaction” means a transaction which involves a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.
- 3.12 “Relative” means a relative as defined under Section 2(77) of the Act.

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3.13 “Transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract.

## **4. POLICY**

All the Related Party Transactions must be reported to the Audit Committee and approved or referred for approval by the Audit Committee based on this policy.

### **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. 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**

#### **4.2.1 Audit Committee**

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether a meeting or by a circular resolution. However, the Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and are in an ordinary course of business and is on the Arm’s Length basis, subject to the compliance of the conditions specified in the erstwhile Clause 49 of the Listing Agreement and the Listing Regulations<sup>3</sup>.

*3. Inserted words Listing Regulations*

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Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting and shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the quorum when such transaction is considered.

To review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transaction and /or prescribed under the Act, the erstwhile Listing Agreement and the Listing Regulations<sup>4</sup>.

While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such transaction, the benefits to the related party and to the Company, and whether such transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction and any other relevant matters.

## 5. BOARD OF DIRECTORS

If the Audit Committee determines that the Related Party Transaction should be brought before the Board, or 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 said transaction.

Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting and shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the quorum when such transaction is considered.

## 6. SHAREHOLDERS

All the Material Related Party Transactions shall require approval of the shareholders through ordinary<sup>5</sup> resolution and the related parties shall abstain from voting on such resolutions.

*4. Inserted words Listing Regulations*

*5. Substituted for the word special*

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All the transactions, other than Material Related Party Transactions, with the related parties, which are not in ordinary course of business or at arm's length basis shall require the approval of the shareholders through ordinary<sup>6</sup> resolution if so required under any law and the related party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

## **7. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event, the Company becomes aware of the Related Party Transaction that has not been approved or ratified under this policy, the transaction shall be placed promptly as practicable before the Audit Committee or the Board of Directors or the Shareholders as may be required in accordance with this policy for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and evaluate all the options available to the Company, including but not limited to ratification, revision, termination of such transaction, and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

## **8. DISCLOSURES**

Details of all Material Related Party Transactions shall be disclosed to the Stock Exchange along with the compliance report on corporate governance.

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. Substituted for the word special*

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## 9. AMENDMENTS IN LAW

Any subsequent amendment/modification in the Listing Regulations<sup>7</sup> and/or applicable laws in this regard shall mutatis mutandis apply to this Policy.

*7. Substituted for the words Listing Agreement*

*This policy has been amended to align with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and accordingly was reviewed by the Audit Committee and approved by the Board of Directors of the Company at their Meeting held on September 12, 2017.*