



**RATNABHUMI DEVELOPERS LIMITED**

**CIN: L45200GJ2006PLC048776**

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**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON  
DEALING WITH RELATED PARTY TRANSACTIONS**

**Pursuant to Regulation 23 of The SEBI (Listing Obligations And Disclosure  
Requirements) Regulations, 2015**

**{As recommended by the audit committee and approved by the Board of Directors of the  
company in the board meeting held on 04<sup>th</sup> Day of February, 2022}**

The Board of Directors (the “**Board**”) of Ratnabhumi Developers Limited (the “**Company**”) on basis of the recommendation of the Audit Committee adopted this Related Party Transactions Policy (this “**Policy**”), which defines and lays down the procedures with regard to Related Party Transactions, pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) and The Companies Act, 2013.

## **1. SCOPE AND OBJECTIVE**

This Policy is intended to ensure the proper approval and reporting of transactions between the Company and any of its Related Parties. This Policy shall apply to all transactions entered into by the Company with its Related Parties as per the applicable laws and regulations, including the Companies Act, 2013 (the “Companies Act”) read with the rules framed thereunder and the Listing Regulations. The Company has, under this Policy, formulated guidelines for identification of Related Parties based on materiality thresholds and setting forth the proper conduct and documentation for Related Party Transactions. Going forward, the Audit Committee of the Company may review and amend this policy from time to time, subject to adoption by the Board.

## **2. DEFINITIONS**

- 2.1 “Applicable Law”** means the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any further amendments therein which includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- 2.2 “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. For determination of arm’s length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
- 2.3 “Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted in accordance with provisions of the Listing Regulations and the Companies Act.
- 2.4 “Board”** means Board of Directors of the Company.
- 2.5 “Key Managerial Personnel”** means key managerial personnel as

defined under the Companies Act.

- 2.6 “Material Related Party Transaction”** means a material transaction with a Related Party as defined under Section 23 of the Listing Regulations.
- 2.7 “Material Modification”** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.
- 2.8 “Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities, which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.
- 2.9 “Policy”** means this Policy on Materiality of related party transactions and on dealing with related party transactions.
- 2.10 “Relative”** shall mean “relative” as defined in Section 2(77) of the Companies Act, 2013
- 2.11 “Related Party”** means related party as defined under Section 2(76) of the Companies Act and Regulation 2(1)(zb) of the Listing Regulations, read with amendments issued from time to time which is as follows:
- 2.12 “Related Party Transaction”** means a related party transaction as defined under Regulation 2(1)(zc) of the Listing Regulations and Section 188 of the companies Act, 2013 read with amendments issued from time to time. The "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract and shall include but not limited to the following:
- (i) Purchases, sales or supply of goods or material (finished or unfinished);
  - (ii) purchases or sales or supply of property and other fixed assets;
  - (iii) rendering or receiving of services;
  - (iv) leasing of property of any kind or hire purchase arrangements;
  - (v) transfers of research and development;
  - (vi) transfers under license agreements;
  - (vii) transfers under finance arrangements (including loans and equity

- contributions in cash or in kind);
- (viii) provision of guarantees or collateral;
- (ix) Agency arrangements, management contacts including for deputation of employees;
- (x) settlement of liabilities on behalf of the entity or by the entity on behalf of another party;
- (xi) appointment of any agent for purchase or sale of goods, materials, services or property;
- (xii) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (xiii) underwriting the subscription of any securities or derivatives thereof, of the company

**2.13 “Relative”** with reference to a director or a Key Managerial Personnel means persons defined under Section 2(77) of the Companies Act read with amendments issued from time to time.

**2.14 “Subsidiary Company or Subsidiary”**, 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 voting power either at its own or together with one or more of its subsidiary companies.

For the purposes of this policy, Subsidiary includes foreign subsidiary also.

**Any other term not defined herein shall have the same meaning as defined in the Companies Act, the Listing Regulations or any other applicable law or regulation.**

### **3. POLICY**

#### **3.1 Materiality Thresholds**

Regulation 23 of the Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the Related Parties shall not vote to approve on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the Listing Regulations.

However, 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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

### **3.2 Periodic identification of Related Parties**

- 3.2.1** Related parties shall be identified under Companies Act and the Listing Agreement, as amended from time to time and regularly verified.
- 3.2.2** The Secretarial Department of the Company shall request from all the Directors and Key Managerial Personnel information that may be required for inclusion in the list of Related Parties of the Company.
- 3.2.3** Each Director and Key Managerial Personnel of the Company shall be required to inform the Secretarial Department of the Company of any change in the information previously provided on the list of Related Parties of the Company.
- 3.2.4** 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.
- 3.2.5** The list of identified Related Parties will be tagged and updated in the accounting system regularly and also periodically sent out to those of the staff of the Company that might be in the position to conduct or know of the possible conduct of Related Party Transactions.

### **3.3 Approvals for transactions with related parties**

- 3.3.1** Before undertaking any transaction, it must be examined by the Company whether such transaction qualifies as a Related Party Transaction, requiring compliance with this policy. The Chief Financial Officer in consultation with the Company Secretary and other persons, as appropriate, shall determine whether a transaction does, in fact, constitute a Related Party Transaction and if so, ascertain in which of the following categories such transaction should be classified in order to determine the approval requirements:

### **3.3.2 Approval of Audit Committee**

(i) All Related Party Transactions and subsequent material modifications to be entered, shall be entered into only after prior approval of Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for related party transactions, subject to compliances set out below:

- a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

(ii) The Audit Committee shall, after obtaining approval of the Board, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:

- (a) Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
- (b) The maximum value per transaction which can be allowed;
- (c) Extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval;
- (d) Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
- (e) Transactions which cannot be subject to the omnibus approval by the Audit Committee.

(iii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

- (a) repetitiveness of the transactions (in past or in future);
- (b) justification for the need of omnibus approval;

**Provided that** where the need for Related Party Transactions cannot be foreseen and details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees 1 crore per transaction.

(iv) The omnibus approval shall provide details of (a) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be

entered into, (b) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and (c) such other conditions as the Audit Committee may deem fit.

- (v) The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given.

### **3.3.3 Approval of the Board**

All the transactions which are not in the Ordinary course of business or an Arm's Length Transaction will be put up for prior approval of the Board. In case the Company has a paid-up share capital exceeding the amount as may be prescribed or the value of the specified transaction exceeds the prescribed thresholds under the Companies Act read with applicable rules, it will be also be put up for prior approval of the shareholders through an ordinary resolution.

### **3.3.4 Approval of the Shareholders**

All Material Related Party Transactions and subsequent material modifications will be carried out only after approval from Shareholders through resolutions. No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that the aforesaid approvals will not be required for transactions entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the accounts of the company and placed before the shareholders at the general meeting for approval.

## **3.4 Voting requirements**

- 3.4.1** Before approving any Related Party Transaction, the Chief Financial Officer must express a reasoned opinion on the Company's interest in carrying out the transaction and on the benefits and substantive fairness of the related terms. In determining whether to approve or ratify a Related Party Transaction, the Committee / Board, as the case may be, shall take into account among other factors it deems appropriate, whether the Related Party Transaction is in the Ordinary course of business of the Company and an Arm's Length Transaction and the extent of the Related Party's interest in the transaction.

- 3.4.2** The Audit Committee / Board, as the case may be, are entitled to seek the assistance of any employee of the Company or one or more independent

experts of its choice at the expense of the Company.

- 3.4.3** Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from any discussions or voting on such proposals.
- 3.4.4** If any director of the Company is interested in any contract or arrangement with a Related Party, such director cannot be present at the Board meeting of the Company during discussions in the matter.
- 3.4.5** Members who are Related Parties in the context of the related party contract or arrangement for which an ordinary resolution is to be passed shall not vote to approve the related party contract or arrangement for which the approval is sought.
- 3.4.6** Members who are related parties shall not vote to approve on resolution in respect of approval of material Related Party Transaction.

#### **4. DISCLOSURES**

- 4.1** The Company is required to disclose Related Party Transactions covered under Section 188 of the Companies Act, 2013 in the Company's Board's Report addressed to shareholders of the Company at the Annual General Meeting as follows:
  - i. All Material Related Party Transactions; and
  - ii. All Related Party Transactions not entered into at arm's length basis.
- 4.2** Details of all Material Related Party Transactions shall be disclosed quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the SEBI LODR.
- 4.3** The Company is also required to disclose this Policy on its website i.e. [www.ratnagroup.co.in](http://www.ratnagroup.co.in) and provide web link to the same in the Annual Report of the Company.
- 4.4** The Company shall submit within 30 days from the date of publication of its financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- 4.5** The Company shall keep the necessary registers as specified under Applicable Law giving the particulars of all contracts or arrangements with any related party.



## **5. 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 in accordance with this Policy prior to its completion, 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 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 systems and shall take any such action 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 board members and/or shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the Company or any other concerned person as the case may be.

## **6. REVIEW OF THE POLICY**

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically but at least once in every three years and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

This Policy shall also be reviewed by the Board of Directors as per the recommendation of Audit Committee once in every three years and updated accordingly.

## **7. COMMUNICATION**

This Policy will be communicated to all Directors, KMPs and Members of the Management Committee and other concerned persons of the Company.

**8.** In the event of any conflict between the provisions of this Policy and of the Act or Rules or Regulations or any other statutory enactments, the provisions of such Act or Rules or Regulations or statutory enactments shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy and the Policy may not require further approval.

**9. CLARIFICATIONS, AMENDMENTS AND UPDATES**

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the Applicable Law, including any clarification/circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically synchronize the application of Applicable Law at the time of its implementation.