
RESTILE CERAMICS LIMITED
POLICY ON
TRANSACTIONS WITH RELATED
PARTIES

1. PREAMBLE

The Board of Directors of Restile Ceramics Limited. (hereinafter referred to as the “Company”) has adopted the following policy and procedures to regulate the transactions between the company and its Related Parties based on the applicable laws, regulations and to uphold principles of good corporate governance. The Board of Directors has adopted this policy in the Board Meeting of the Company held on 10.11.2014 upon recommendation of the Audit Committee. The said Policy includes material thresholds and the manner of dealing with Related Party Transaction (“the Policy”) in compliance with the requirements of the Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Corporate Governance norms prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This Policy applies to 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 shareholders.

2. OBJECTIVE

The objective of this policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the such transactions between the Company and its related parties based on the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

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

“Arms 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.

“Key Managerial Personnel” or **“KMP”** shall have the meaning as defined in Companies Act, 2013 and the rules made thereunder.

“Material Related Party Transaction” means a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Notwithstanding the aforesaid, 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 individually

or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Office or Place of Profit” means any office or place – means any office or place –

- i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

“Related Party” means a related party as defined under sub-section (76) the Section 2 of the Companies Act 2013 (“the Act”) or under the applicable accounting standards and as amended from time to time. Any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed shall be deemed to be a related party.

“Related Party Transaction” means any transaction involving transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged, including but not limited to the following:

- (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) appointment to any office or place of profit in the company.

“Relative” means a relative as defined under the Act

“Specified Related Party Transactions”: means the following transactions with Related Parties which are not in the ordinary course of business of the Company or which are in the ordinary course of business but not at arm’s length:

- a) sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the Annual Turnover of the Company; or
- b) selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent, amounting to 10% or more of the Net Worth of the Company; or

- c) leasing of property of any kind amounting to 10% or more of the net worth of the company or 10% or more of the Annual Turnover of the Company ; or
- d) availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the Annual Turnover of the Company or Rs. 50 crores; or

[The limits specified in sub-clause (a) to (d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.]

- e) appointment to any office or place of profit in the Company, its subsidiary company or Associate Company at a monthly remuneration exceeding two and a half lakh rupees; or
- f) remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the Net Worth.

[The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.]

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

4. POLICY

- (i) All related party transactions must be reported to the Audit Committee for approval based on this policy. The Audit Committee may approve or refer such transactions to the Board for their approval. This Policy shall be reviewed by the Board of Directors once in every three years and updated as may be required.
- (ii) Key Managerial Personnel and connected related parties:

Each Director and Key Managerial Personnel shall at the beginning of the financial year disclose to the company secretary of the company their Related Parties and disclose any changes thereto during the financial year as immediately as practicable. The Audit Committee will identify Related Party Transactions, if any, with Directors or Key Managerial Personnel or their relatives.

- (iii) The Company will identify the potential transactions with the Related Parties.

5. IDENTIFICATION OF RELATED PARTIES & TRANSACTIONS

- A. Every Director will be responsible for providing a declaration in the format as per prescribed by the management to the Company Secretary/ Compliance officer on an annual basis:

Sr. No.	Particulars
1.	Names of his/her Relatives
2.	Partnership firms in which he/she or his / her Relative is a partner
3.	Private Companies in which he/she or his/her Relative is a member or a Director
4.	Public Companies in which he/she is a Director and holds along with his/her Relatives more than 2% of paid up share capital
5.	Any Body Corporate who's Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions
6.	Persons on whose advice, directions or instructions, he/she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity)

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and/or controls immediately on him/her becoming aware of such changes.

- B. Besides the above, the Company will also identify other Related Parties as required under the Companies Act, 2013 and Clauses mentioned under the SEBI (LODR) Regulations, 2015, as amended from time to time.

6. MATERIALITY OF THE TRANSACTION (MATERIAL RELATED PARTY TRANSACTIONS)

- a) Transactions with a Related Party covered under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, shall be governed by the respective limits provided under the said rules.
- b) A transaction with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- c) 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 5 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

7. APPROVAL PROCESS

(i) Approval of Audit Committee:

Every related party transaction shall be subject to the prior approval of the Audit Committee of the Company. Any member of the Committee who has a potential interest in any related party transaction will abstain from any discussion or voting of such proposals and shall not be counted in determining the presence of quorum when such Transaction is considered. The Audit Committee may, subject to applicable regulatory provisions including Companies Act, 2013 and the Listing regulations, however, grant omnibus approval for related party transaction proposed to be entered into by the company on such terms and conditions as it may deem appropriate. To review a related party transaction, the committee will be provided with all relevant material information including the terms of the transaction.

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 of the Company and to the Related Party, 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.

Omnibus Approval may be granted by the Audit Committee if Related Party Transactions are repetitive in nature and subject to criteria/conditions as mentioned under the provisions of section 177 of the Act and Rules made thereunder and Regulation 23 of the Listing Regulations, as amended from time to time, and such other conditions as it may consider necessary in line with this Policy and are in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one financial year.

Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

➤ APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE:

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee

to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

(ii) Approval of Board of Directors:

If the Audit Committee determines that a related party transaction should be brought before the Board, or if the Board in any case elects to review any such matter or if the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board shall approve the related party transaction, as may be necessary.

In case of any material change in the terms of a related party transaction, subsequent to its approval by the Audit Committee or the Board, as the case may be, the revised terms shall be presented to the Audit Committee for their consideration.

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

(iii) Approval of Shareholders:

All material Related Party Transactions will be placed for approval of the Shareholders of the Company through Resolutions and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not, such approval is required irrespective of whether the transaction is in ordinary course of business or whether the same is on arm's length basis, as prescribed under applicable regulations.

In respect of other transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and at Arms' Length Basis, the company shall comply with the provisions of the Companies Act, 2013 and the applicable listing regulations and provisions and obtain approval of the Board and / or shareholders, as applicable for such transactions.

Transactions with the Related parties (as defined under the Companies Act, 2013) covered within the scope of Section 188 of the Act, which are either not in the 'Ordinary Course of Business' and exceeds the threshold under Section 188 of the Companies Act, 2013 and the rules made there under, shall require prior approval of the shareholders through a resolution.

The requirement of seeking approval of the Audit Committee or the shareholders, shall not apply in respect of exempted transactions as specified under Companies Act, 2013 and in applicable listing regulations and provisions.

- a) **Board** means the Board of Directors of “Restile Ceramics Limited”.
- b) **Key Managerial Personnel** means:
 - i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Company Secretary,
 - iii. Whole-Time Director;
 - iv. Chief Financial Officer including Interim Chief Financial Officer; and
 - v. such other officer as may be prescribed by the Companies Act, 2013 or the rules made thereunder.
- c) **Senior Management** means employees of the Company who are members of the Company’s core management team excluding the Board. This would also include all members of management one level below the Executive Directors and all the functional heads.

8. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the company becomes aware of the Related Party Transactions that has not been approved or ratified under this policy, the transaction(s) shall be placed as practicable before the Audit Committee or 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 or such transactions and shall evaluate all options available to the company, including but not limited to ratification, revision or termination of such transaction and the company shall take such actions as the Audit Committee deems appropriate under the circumstances.

Criteria for approving Related Party Transactions:

The following criteria shall be taken into account, in determining whether to approve, ratify, disapprove or reject a Related Party Transaction and assessing the Related Party transactions:

- i. whether the Related Party Transaction is entered into on terms no less favorable to the Company than terms generally available to an unrelated third-party under the same or similar circumstances;
- ii. the terms of such transaction;
- iii. the Related Party’s interest in the transaction;
- iv. purpose and timing of the transaction;
- v. whether the Company is a party to the transaction, and if no, the nature of the Company’s participation in the transaction;

- vi. if the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- vii. information concerning potential counterparties in the transaction;
- viii. approximate rupee value of the transaction and approximate rupee value of the Related Party's interest in the transaction;
- ix. whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- x. any other relevant information regarding the transaction.

Prior Board approval for certain transactions upto monetary ceiling with Related Parties:

The Company shall not enter into below transactions with related parties unless prior approval of the Board of Directors of the Company is obtained by way of resolution passed at a meeting of the Board of Directors of the Company, which shall be subject to monetary ceilings specified therein:

Nature of Transaction	Monetary ceiling for transaction during a financial year per Related Party
Sale, purchase or supply of any goods or materials or services directly or through appointment of agent	amounting to ten percent or more of the turnover of the Company as per the last audited financial statements of the Company
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	amounting to ten percent or more of net worth of the Company as per the last audited financial statements of the Company
Leasing of property of any kind	amounting to ten percent or more of the turnover of company as per the last audited financial statements of the Company
Availing or rendering of any services, directly or through appointment of agent	amounting to ten percent or more of the turnover of the Company
Such related party's appointment to any office or place of profit in the Company	at a monthly remuneration two and a half lacs rupees or as per performance assessment by the Company and industry standards
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	exceeding one percent of the net worth of the Company as per the last audited financial statements of the Company

Other related Party Transactions in the normal course of business	Such other transactions as would be required approval of the Audit Committee and Board of Directors
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9. DISCLOSURES

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board’s Report to the shareholders along with the justification for entering into such contract or arrangement.

The Company shall submit within 30 days from the date of publication of its standalone 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 the Company’s website.

The Company shall disclose the Policy on its website and web- link shall be provided in the Annual Report.

10. AMENDMENT

This Policy (including threshold limits) shall be reviewed by the Board of Directors at least once every three years and/or as and when required subject to applicable laws and updated/ amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary.

11. PERIODICAL REVIEW OF THE POLICY BY TOP MANAGEMENT

The Policy shall be reviewed periodically by the Board and any change in the Policy shall be approved by the Board of the Company. However, all such amendments will be subject to applicable laws, rules and regulations, from time to time.

12. PERSON AUTHORISED FOR MONITORING THE POLICY

The Compliance Officer or any one of the KMP authorised by the Board of the Company shall be responsible for monitoring this policy. The authorised person shall inform the Board about the monitoring this policy.

The authorised person shall take necessary steps to discharge his duty.

The revised policy has been adopted by the Board of Directors on 21st day of February, 2023, and shall come into force with immediate effect. Subsequent amendments have been made as applicable.
