



MONOMARK ENGINEERING (INDIA) LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. TITLE OF THE POLICY

This policy shall be termed as the policy on materiality of Related Party transactions and dealing with Related Party Transactions.

2. DEFINITION

- i. **"Act"** shall mean the Companies Act, 2013 and includes any amendment thereof.
- ii. **"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.
- iii. **"Audit Committee"** means Committee of the Board of Directors of the Company constituted under provisions of the SEBI LODR Regulations.
- iv. **"Company"** means Monomark Engineering (India) Limited *(Formerly known as Monomark Engineering (India) Private Limited)*
- v. **"Material Modification"** to any Related Party Transaction shall mean any change (increase or decrease in the consideration for such transaction, taken individually or together with such Related Party in the financial year) in such transaction amounting to 10% or more of the consolidated turnover of the Company.
- vi. **"Material Related Party Transaction"** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous Draft for discussion Privileged & Confidential transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. In case of payment to a Related Party for brand usage or royalty the materiality threshold, in case the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- vii. **"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.
- viii. **"Policy"** means this policy on Related Party Transaction as amended from time to time

- ix. **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
- x. **“Related Party”** shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or under Regulation 2(1)(zb) of the SEBI LODR Regulations as may be amended from time to time.
- xi. **“Related Party Transaction”** shall mean all transactions as per Regulation 2(1)(zc) of the SEBI LODR Regulations as may be amended from time to time. A related party transaction is 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, including but not limited to the following:
- a) sale, purchase or supply of any goods or materials;
 - b) selling or otherwise disposing of, or buying, property of any kind;
 - c) leasing of property of any kind;
 - d) availing or rendering of any services;
 - e) appointment of any agent for purchase or sale of goods, materials, services or property;
 - f) appointment to any office or place of profit in the company
 - g) underwriting the subscription of any securities or derivatives thereof, of the company.

Following shall not be considered Related Party Transaction of the Company in terms of SEBI LODR Regulations:

- 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) corporate actions which are uniformly applicable/offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities.
- c) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI LODR Regulations, as amended from time to time.

3. PURPOSE OF THIS POLICY

3.1 Related party Transactions is one of the key areas of focus when it comes to corporate governance reforms being initiated in India. Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (**“SEBI LODR Regulations”**) require the companies to have in place an enhanced transparency and due process in relation to approval of Related Party Transactions. Also, Regulation 23 of the SEBI LODR Regulations require the companies to formulate a policy on materiality of related party transactions and on dealing with Related Party Transactions.

3.2 Accordingly, the Company has formulated and adopted the Policy outlining the hierarchy of identification and approvals in relation to Related Party Transactions.

3.3 The Audit Committee of the Company will review this Policy on an annual basis and propose any modifications to the Board for approval.

3.4 In case of any inconsistency between the contents of this Policy and SEBI LODR Regulations, the provisions of SEBI LODR Regulations shall apply.

4. DISCLOSURES BY DIRECTORS

Every director of the Company shall, at the beginning of a financial year, provide information by way of written notice to the Company regarding his concern or interest in the entity with specific reference to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

5. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTION

Each director, key managerial personnel ("KMP") and senior managerial personnel ("SMP") is responsible for providing notice to the Company 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. Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.

Any change in the list of Relatives shall be intimated by the Directors and KMPs/SMPs by way of a fresh declaration to the Company.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

I. Audit Committee

a) All the transactions which are identified as Related Party Transactions and subsequent Material Modifications should be pre-approved by the Audit Committee before entering into such transaction provided that only those members of the audit committee, who are independent directors, shall approve such Related Party Transactions. The Audit Committee shall consider all the relevant factors while deliberating and granting approval in relation to the Related Party Transactions which inter alia include the following:

- (i) Name of party and details explaining nature of relationship;
- (ii) Duration of the contract and particulars of the contract and arrangement;
- (iii) Nature of transaction and material terms thereof including the value, if any;
- (iv) Manner of determining the pricing to ascertain whether the same is on arm's length;
- (v) Business rationale for entering into such transaction; and
- (vi) Any other information relevant or important for the Board to take a decision on the proposed transaction.

b) Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of such Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board and/or shareholders, as the case may be.

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Director

- c) In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:
- (i) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
 - (ii) Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - (iii) Whether the Related Party Transaction would affect the independence of an independent director;
 - (iv) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction; Draft for discussion
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 - (v) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
 - (vi) Whether the Related Party Transaction would present an improper conflict of interest for any Director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, KMPs or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board / Committee deems relevant.
- d) The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23 of the SEBI LODR Regulations and such other conditions as it may consider necessary in line with this Policy. The Audit Committee shall satisfy itself regarding the need for granting omnibus approval and that such approval is in the best 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 year. However, in case of Related Party Transactions which cannot be foreseen and in which the conditions set out in Regulation 23(3) of the SEBI LODR Regulations are not available, the Audit Committee may grant omnibus approval provided the value does not exceed INR 1,00,00,000/- per transaction. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;
- e) The 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.
- f) 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.

II. Board of Directors

- a) A Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a Material Related Party Transaction, prior approval of the Board in a duly convened Board meeting shall be necessary.

- b) Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- c) The Policy shall be reviewed by the Board at least once every three years or as and when necessary.
- d) While considering any Related Party Transaction for approval, the Board will take into consideration the factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction.

III. Shareholders

- a) All Material Related Party Transaction and subsequent Material Modifications shall require prior approval of shareholders in the manner prescribed under the SEBI Lising Regulations. No shareholder of the Company who is a Related Party to any particular Related Party Transaction, shall not vote on the resolution granting approval to such Related Party Transaction.
- b) If a Related Party Transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Act, it shall require prior approval of shareholders. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders. However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company, and transactions entered into between two-wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- c) 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 Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy. The Audit Committee shall consider all 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. 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, immediate discontinuation or rescission of the transaction.

4. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTION

- a) A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.
- b) Basis the aforesaid list of related parties, every department shall, prior to entering any contract or arrangement with a Related Party, ascertain whether the proposed contract or arrangement

satisfies the approval mechanism prescribed under this Policy. Draft for discussion Privileged & Confidential

- c) The contract / arrangement shall not be entered in to without the necessary approval from the Audit Committee / Board / shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

7. REPORTING OF RELATED PARTY TRANSACTION

- a) Every contract or arrangement, which is required to be approved by the Board or the 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.
- b) The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- c) The details of all transactions with related parties shall be submitted to the stock exchanges and / or any other regulatory authority, in the format and in the manner specified in the SEBI LODR Regulations and/ or the Act with and the same shall be published on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

8. LIMITATION AND AMENDMENT

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. In the event of any conflict between the provisions of this Policy and of the Act or SEBI LODR Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI LODR Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI LODR Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

9. DISCLOSURE OF THE POLICY

This Policy shall be posted on the website of the Company.

Monomark Engineering (India) Limited


Director
