

## DRAFT

### MARATHON NEXTGEN REALTY LTD (MNRL)

#### POLICY REGARDING RELATED PARTY TRANSACTIONS AND

#### CORPORATE OPPORTUNITIES-2022

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MNRL is part of “Marathon Group” and the main object of the Company (MNRL) is Construction and Real Estate Activities. Marathon Group consists of firms and bodies corporate, the main objects are ALSO to deal with Real Estate and construction activities. The Group was established in the year 1969.

#### **Policy Frame work:**

Effective as of October 1, 2014, the Capital Market Regulator, SEBI, through the Stock Exchanges has mandated certain changes in SEBI(LODR) Regulations 2015 relating to RPTs. Earlier to this the RPTs were dealt in the erstwhile Clause 49 of the Listing Agreement of the Listed Companies. One of the changes is that Companies should have a defined “Policy framework” on the RPTs under taken and the details said RPTs be disclosed on quarterly basis to the concerned Stock Exchanges, where its shares are Listed. The said policy should also be hosted in the Company’s website.

Effective from April 1, 2022 certain amendments are notified in RPT by SEBI in Regulation 23 of LODR Regulations 2015. SEBI Circular (SEBI/HO/CFD/CMD1/CIR/P/2022/40) dated November 2021 provided clarifications and guidance on the said amendments.

**To give effect to the said amends and modifications, the existing RPT Policy of the Company is being amended are carried out in this policy.**

Accordingly this Policy (Part-I & Part II) is being updated and adopted by MNRL for RPTs effective from April 1, 2022:

### PART-I

#### **The Policy:**

The Company recognizes all the Related Party Transactions (RPTs) are Corporate Opportunities (each as defined below) may raise questions by stakeholders as to whether those transactions are consistent with the best interests of the Company and its shareholders.

It is the Company’s policy to enter into or ratify such transactions only when the Board of Directors, acting through the Audit Committee (the “Committee”) or its Chair as provided for herein, determines that the transaction in question is in, or is not inconsistent with, the best interests of the Company and its shareholders.

Therefore, the Company has adopted the policies and procedures set forth below for the review, approval, ratification or other action with respect to Related Party Transactions and Corporate

Opportunity transactions, which policies and procedures apply 'to all Directors and KMP of the Company.

**I. Definitions:**

**1. "Related Party":**

Related party with reference to a company has been defined by sec 2(76) the Companies Act 2013, which includes the following:

- Director or his relative
- Key Managerial Persons his/her relative
- Firm in which director, manager or their relative is a partner
- Any Private Company in which director or manager is a member or director
- Public company in which director is a director or holds along with his relatives more than 2% of paid up share capital
- A body 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
- Any person on whose advice director or manager is accustomed to act except in a professional capacity
- Anybody corporate which is—

(A) a holding, subsidiary or an associate company of such company;

(B) a subsidiary of a holding company to which it is also a subsidiary; or

an investing company or the venturer of the company;";

[Explanation. – For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

- Such other person as may be prescribed.

**List of Relatives** : Section 2 (77): a person shall be deemed to be the relative of another, if he or she is related to another in the following manner:

- (1) Spouse
- (2) Father (including step-father)
- (3) Mother (including step-mother)
- (4) Son (including step-son)
- (5) Son's wife
- (6) Daughter (including step-daughter)

- (7) Daughter's husband
- (8) Brother (including step-brother)
- (9) Sister (including step-sister)

2. Reg .2(1) of SEBI(ICDR) Regulations 2018.

(uu) "relative" means a relative as defined (as above) under the Companies Act, 2013.

### 3. IND AS 24:

#### Definitions:

Related party is a person or entity that is related to the reporting entity that is an entity that prepares financial statements. A person or close family member is related to reporting entity if that individual:

- Has control or joint control over the reporting entity.
- Has significant influence over the reporting entity.
- Is a member of the key personnel of the reporting entity or of the parent of the reporting entity.

A Close member of the family includes person's children, spouse or domestic partner, brother, sister, father and mother, children of that person's spouse or domestic partner and dependents of that person's or person's spouse or domestic partner. An entity is related to a reporting entity if the following conditions are met:

- Both the reporting entity and the entity belonging to the same group.
- An associate or joint venture of the other entity or of the same third party.
- The entity is a post-employment benefit plan for the reporting entity or any entity related to the reporting entity.
- The entity is controlled or jointly controlled by the person mentioned above or the person mentioned has significant influence over the entity.
- The entity or any member of the group provides key management personnel service to the reporting entity or parent of reporting entity.

Related party transactions are the transfer of services or obligations, resources between a reporting entity, and related party irrespective of the fact that a price is charged.

The Government refers to government, government agencies, and similar bodies whether local, national, or international.

A government-related entity is an entity that is controlled, jointly controlled, or significantly influenced by the government.

Compensation includes all employment benefits such as short-term employment benefits, post-employment benefits, other long-term employer benefits, termination benefits, and share-based

3. (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:"

4. Material RPTS:

II. **"Corporate Opportunity"** is a business opportunity that a Director/ KMP or their nominee intends to pursue, whether through investment or participation in the business, and that the Company might reasonably be interested in pursuing, which (a) has a direct or close relationship to a business or line of business in which the Company is currently engaged, or (b) with respect to which (i) the Company has publicly announced it intends to engage or (ii) such Director / KMP or nominee is aware the Company has determined or intends to engage or is in the process of considering whether it will engage.

**Conflict of Interest:** However, such opportunity by a Director/KMP or nominee intends to pursue such a Corporate Opportunity is not, in all cases, a conflict of interest. A potential Corporate Opportunity will be deemed to lead to a conflict of interest only if the Committee decides that such Corporate Opportunity creates a conflict of interest.

III. **"Related Party Transaction (RPT)":**

A. "(zc) "related party transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

**AND**

B. The following transaction/ s that is/ are reportable by the Company under SECTION 188 (1) are RELATED PARTY TRANSACTIONS:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing off, 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) such Related party's appointment to any office or place of profit in the company ,its subsidiary company or associate company and;

(g) underwriting the subscription of any securities or derivatives thereof of the company;

#### **IV. Identification of Related Parties.**

1. Each director and Key Managerial Personnel shall be responsible for providing advance notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Exclusions: The following shall not be deemed as a RPT :

- Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, towards his or her duties to the Company.

- Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than any key managerial personnel (or comparable position), provided that the each such contribution, made in a financial year, does not exceed two percent (2%) of the Company's average net profit for the preceding three financial years.

- any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis: ) the expression "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.

- 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.]

- (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) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

2. Any person proposed to be nominated to stand for election as a Director shall be advised to submit to the Secretarial Department the information described in Section Sr. no. 1 above not later than the date of his or her nomination.”:

3. Any person who is to be appointed as a director or a KMP shall submit to the Secretarial Department the information described above prior to such person’s appointment as a director or KMP, except in the case of KMPs where due to the circumstances it is not practicable to submit the information in advance, in which case the information shall be submitted as soon as reasonably practicable following the appointment.

V. PROCEDURES FOR REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

a) All related party transactions and subsequent material modifications shall require prior approval of the audit committee.

**Only those members of the audit committee, who are independent directors, shall approve related party transactions.**

b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year **exceeds ten per cent of the annual consolidated turnover**, as per the last audited financial statements of the listed entity;

(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, **exceeds ten per cent of the annual standalone turnover**, as per the last audited financial statements of the subsidiary;

(d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee.

All Related Party Transactions that has been approved by the audit committee and shareholders prior to April 1, 2022, there shall be NO requirement to seek fresh approval from the shareholders, will be subject to the approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode.

A member of the Audit Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such related party transaction and will not be counted in determining the presence of a quorum when such transaction is considered.

## **VI. APPROVAL BY CIRCULAR RESOLUTION OF THE AUDIT COMMITTEE**

In the event the Key Managerial Personnel determine that it is impractical to wait until a meeting of the Audit Committee to enter into a Related Party Transaction, such transaction may be approved by the Audit Committee by way of a circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Audit Committee at its next scheduled meeting.

## **VII. APPROVAL BY THE BOARD**

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 it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board will consider and in its judgment, approve or disapprove the Related Party Transaction and the considerations set forth above will apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

## **VIII. OMNIBUS APPROVAL BY THE AUDIT COMMITTEE**

The criteria for the omnibus approval which shall include the following, namely.-

(a) Maximum value of the transactions in aggregate, which can be allowed under the omnibus route in a year;

(b) The maximum value per transaction which can be allowed;

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 of the omnibus approval made;

(e) Transactions which cannot be subject to the omnibus approval by the Audit Committee.

The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company. For the ease of carrying out transactions or contracts or arrangements, and in the case of frequent or regular or repetitive transactions which are in the ordinary course of business of the Company, the Audit Committee may grant omnibus approval.

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.

**The omnibus approval shall contain or indicate the following:**

- a) name of the related parties;
- b) nature and duration of the transaction;
- c) maximum amount of transaction that can be entered into;
- d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied or amended. Any proposed variations or amendments to these factors shall require a prior approval of the Audit Committee.

Further, where the need for a Related Party Transaction cannot be foreseen and all prescribed details are not available, the Audit Committee may make omnibus approval for such transactions subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only).

The details of such transaction will be reported at the next meeting of the Audit Committee for ratification. Further, the Audit Committee shall, on quarterly basis review the details and assess such transactions including the limits to ensure that they are in compliance with this Policy.

The omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

#### **IX. RPTs THAT ARE NOT BE SUBJECTED TO THE OMNIBUS APPROVAL**

- a. Selling or disposing of the undertaking of the Company.
- b. All Material Related Party Transactions.
- c. All the RPTs or arrangements / contracts which exceed the threshold as amended therein from time to time under clauses (a) to (e) of subsection (1) of section 188 of the Companies Act 2013.
- d. Any other RPT as approved by the Board of Directors and which is/are specifically exempted from obtaining the Omnibus approval of the Audit Committee.

Shareholders approval is required if the approved (by the Audit Committee) Omnibus approval became "material one as per sl.no.2 of Part-II of this Policy.

#### **X. DETERMINATION OF ORDINARY COURSE OF BUSINESS**

"In the Ordinary Course of Business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing/giving of guarantees or collaterals or loans or any other financial assistance, in the normal routine in managing the business and is not a standalone transaction, not relating to the day-to-day business of the Company. The Company should take into account the



frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the ordinary course business.

Also, the Memorandum of Association of the Company, Clause 69 (iii) states, "In the Ordinary Course of its business means providing /advancing loans/lending monies, routinely and usually, to the group companies, joint venture company/ies in order to carry out their main objects that are in line with the "Objects" of the Company on continuous basis as and when the need arise and subject to the limits as may be prescribed by the Board of the Company in this regard, which carries interest at the rate not less than the bank rate declared by RBI from time to time"

#### **XI. DETERMINATION OF ARM'S LENGTH NATURE OF THE RELATED PARTY TRANSACTION**

Price Determination:

At the time of determining the arm's length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arm's length pricing as per applicable law including such prices where the benefits of safe harbor is available under applicable law.
- (ii) For the said purposes, the Audit Committee shall make an independent assessment.
- (b) Screening of arm's length Related Party Transaction:

A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening or selection criteria and procedures as may be applicable in case of an unaffiliated party.

#### **XII.DISCLOSURES**

**Disclosures** with respect to the Related Party Transactions will be made as per applicable provisions of the Act and SEBI(LODR) Regulations 2015-Regulation 23(9) .

#### **XIV COMPLIANCE WITH RPT POLICY**

1. Every person associated with a Related Party Transaction will be accountable for complying with this Policy that may be in force from time to time.
2. Director or Key Managerial Personnel, who had entered into or authorized the contract or arrangement in violation of this Policy and legal framework regulating related party transactions, will be guilty of non-compliance.
3. In case of breach of this Policy, Audit Committee and / or Board may initiate appropriate action against the person/s responsible.
4. A person shall not be eligible for appointment as a Director of a Company if he has been convicted of an offence under Section 188 of the Act in respect of default of any Related Party Transaction at any time during the preceding five years.

## XV. Questions or Guidance:

Any questions on the application of this Policy should be directed to the Chairman of the Audit Committee who will be responsible for providing all interpretation and guidance regarding this Policy.

### PART- II

#### Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions u/Reg 23(1) of SEBI(LODR) Regulations 2018 :

**1. Scope & Inclusion:** This PART-II of the policy sets definition of materiality of related party transactions and dealing with related party transactions as per Regulation 23(1) of SEBI(LODR) Regulations 2015(as amended ).

**2. Threshold limits & Materiality:** “Provided that 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 MNRL, whichever is lower.”

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 listed entity as per the last audited financial statements of the Company.

Transactions with related party/s shall be considered as “Material related party contracts / arrangements if the transaction/s to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of MNRL as per the last Audited financial statements.

All existing material related party contracts or arrangements entered and continue beyond and becomes Material, shall be placed for approval of the shareholders in the first General Meeting held after March 30, 2022.

**3. Approvals:** All material related party contracts / arrangements shall require approval of the shareholders through resolution and **no related party shall vote to approve** such resolution/s whether MNRL is a related party to the particular transaction or not:

#### **Material Modifications:**

Material Modifications in the RPT means, an existing RPT during the course of its tenure has become material and thus require modifications with respect to its nature including that of the approval of the shareholders.

**PERIOD:**

In the real estate sector mostly the RPT/s is/are aligned with the completion tenure of the Projects. Normally at the time of entering into the relevant RPT, if the period is not defined and later on, the period is known and if the period extends above 5 years time period from the date of entering into the RPT, qualifies for material modification.

**VALUE:**

If the value of the existing RPT, with the efflux of time exceeded the value and attracted the materiality threshold, it qualifies for material modification.

-The details of all material transactions with related parties shall be disclosed on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges, as amended, under Regulation 27(2)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- Quarterly/Periodical update to the Audit Committee on all the related party transactions entered into by the Company. -

-The Company shall keep one or more registers as specified under Applicable Law giving separately the particulars of all contracts or arrangements with any related party.

**REVIEW:** This Policy shall be reviewed by the Board of Directors at least once in three years and updated accordingly:

This Policy shall be uploaded, upon the adoption by the Board of Directors, on the website of the Company and a web link there to shall be provided in the Annual Report.

## PART- III

### POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

(U/R-16(1)(c) of SEBI(LODR)Regulations 2015.

#### 1. Policy Objective

This Policy is framed in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) by MNRL (“the Company”). The Board of Directors of the Company may review and amend this policy from time to time to align it with the applicable laws, rules, notifications, circulars and regulations.

#### 2. DEFINITIONS

“Income” means the total revenue of the Company as per the latest audit financial statements

“Net Worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

“Subsidiary” shall be as defined under the Companies Act, 2013 and the Rules made there under.

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. the Income of the subsidiary exceeds 10% of consolidated Income of the Company and its subsidiaries in the immediately preceding accounting year.; or
- b. the net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year

#### 4. Disclosures:

The Policy for determining material subsidiaries is to be disclosed on the Company’s website and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.

#### Policy Trail:

Policy	Adoption date	Effective from
1.Policy regarding RPT and Corporate Opportunities	On 24/9/2014	Immediate
2.Addendum to the above as per SEBI(LODR) Regulations 2015	On 30/5/2016	1/4/2016
3.Addendum of Policy on Materiality of RPT with threshold (Reg.23(1), as per amendment(2018) to SEBI(LODR) Regulations	On 25/3/2019	1/4/2019
4.Addendum of Policy based on the amendment to Reg.23 of SEBI(LODR) Regulations 2015.	On May 27,2022	1/4/2022