

ARO GRANITE INDUSTRIES LIMITED

Policy on Materiality of Related Party Transactions and on dealings with Related Party Transactions

**Adopted on 27th January 2015
(Last Updated on 29th July 2022)**

1. Preamble

The Board of Directors of the Company ("Board"), has adopted this policy and procedures for dealing with Related Party Transactions (RPTs), in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder (the "Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI Listing Regulations"), (including any modification(s) or re-enactment(s) thereof, for the time being in force) in order to ensure the transparency and procedural fairness of such transactions.

2. Objective

This policy is intended to ensure proper approval and reporting of Related Party transactions as applicable, in the best interest of the Company and its Stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws.

3. Definitions

(a) "Words, Terms & Expressions used in this Policy"

Unless the context otherwise requires, the words, terms and expressions used in this Policy shall have the same meanings as given in the Act/SEBI Listing Regulations and any other law or regulation, as may be applicable from time to time.

(b) "Material Related Party Transaction(s)"

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 the limits as may be specified in the SEBI Listing Regulations/the Act in this regard, as may be applicable from time to time.

(c) "Material Modifications"

In relation to a Related Party Transaction approved by the Audit Committee or Material Related Party Transaction approved by the Shareholders, as the case may be, material modification means any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 50% for transactions of upto Rs. 20 Crores and exceeding 20% for transactions of more than Rs. 20 crores, in each case, over and above the approved limits.

4. Approval/Review Mechanism

- 4.1 All Related Party Transactions and subsequent material modifications therein, shall require prior approval of the Audit Committee or the Board or the Shareholders of the Company, as the case may be, as required under and subject to the Act, SEBI Listing Regulations or any other governing Act/Rules/Regulations, as amended from time to time.
- 4.2 The Audit Committee may grant omnibus approval for Related Party Transactions of repetitive nature, proposed to be entered into by the Company, subject to the following conditions:
- (i) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - (ii) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the company.
 - (iii) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that shall 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 may be prescribed under the Act/SEBI Listing Regulations from time to time or as may be required by the Audit Committee;
- Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.
- (iv) The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
 - (v) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.
 - (vi) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company
- 4.3 Any variation of upto 10% of the omnibus sanctioned limits of the Related Party Transactions due to business needs of the Company considering the operational convenience and in the overall interest of the Company is permissible subject to its ratification by the Audit Committee.

5 Compliance Officer

- 5.1 For purposes of this Policy, the Chief Financial Officer of the Company shall be the Compliance Officer. The Board may, where it is considered necessary so to do, appoint such other officer as it may consider appropriate as such Compliance Officer(s).

- 5.2 The Compliance Officer shall ensure proper implementation of the approved Policy and may lay down monitoring mechanism for its compliance as may be deemed appropriate.

6. **Amendment**

Any subsequent amendment(s)/modification(s) in the Act, SEBI Listing Regulations, applicable Accounting Standards or any other governing law, which makes any of the provision of this Policy inconsistent with such Act, SEBI Listing Regulations, Accounting Standards or other governing law, then the provisions of such Act, SEBI Listing Regulations, Accounting Standards or any other governing law shall prevail over the Policy and the Chief Finance Officer and the Company Secretary of the Company are severally authorized to carry out any further changes in the Policy to make it consistent with the amended Act, SEBI Listing Regulations, applicable Accounting Standards or other governing law and the Audit Committee shall be kept informed of the same.

7. **Review of the Policy**

This Policy will be reviewed by the Board of Directors of the Company at least once in every three years or at such interval as may be prescribed under the Act or SEBI Listing Regulations.

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