

# Policy on Related Party Transaction

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## 1. OUR VISION

In our pursuit for achieving our vision, we will conduct ourselves in a manner that reflects our shared values and our commitment to conduct business in the right way.

Morarjee Textiles Limited's ("MTL" or "Company") Material Related Party Transactions Policy is --- "To strive towards achieving highest standards of corporate ethics & transparency to carry out its responsibilities to all stakeholders including consumers, shareholders, employees, local community and society at large."

The Company is committed to monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

## 2. CONFLICT OF INTEREST

We must avoid any relationship or activity that might impair our ability to make objective and fair decisions when performing our jobs. At times, we may be faced with situations when the business actions we take on behalf of the Company conflict with our own personal or family interests. Our duty towards the Company is to advance its legitimate interests. Some instances where conflict of interest could arise are:

### **Definitions:**

All terms used in this Policy will have the meanings as assigned to them under the Act and the Rules made thereunder, SEBI Listing Regulations applicable Accounting Standards, as amended from time to time.

### **Material Modification in Related Party Transaction:**

Material modification in a related party transaction means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

**Material related Party Transaction:** includes the following

- i) A transaction with a related party if entered into individually or taken together with all previous transaction during a financial year exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the company whichever is lower ; or
- ii) Notwithstanding i) above, a transaction involving payments made to a related party with respect to brand usage or royalty, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated

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turnover of the listed entity as per the last audited financial statements of the Company ; or

iii) The following transaction(s):

Sr N	Details of Transactions	Threshold limit
1	Sale, Purchase or supply of any goods or materials directly or through appointment of agents	amounting to ten per cent or more of the turnover of the company or rupees one hundred crore whichever is lower
2	Selling or otherwise disposing of, or buying property of any kind directly or through appointment of agents	amounting to ten per cent or more of net worth of the company or rupees one hundred crore whichever is lower
3	Leasing of property of any kind	amounting to ten per cent. or more of the turnover of the company or rupees one hundred crore
4	Availing or rendering of any services directly or through appointment of agents	amounting to ten per cent. or more of the turnover of the company or rupees fifty crore whichever is lower
Explanation: It is hereby clarified that the limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.		
5	Appointment to any office or place of profit in the company, its subsidiary company or associate company	at a monthly remuneration exceeding Rs 2,50,000/-
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	Exceeding one per cent of the networth

### 3. REPORTING REQUIREMENTS BY MEMBERS OF THE BOARD

- a. The Board and the top management shall conduct themselves in such a manner so as to meet the expectations of operational transparency to stakeholders while at the same time maintain confidentiality of information in order to foster a culture for good decision making.
- b. The board of directors shall collectively monitor and manage potential risk of conflicts of interest of management, board members and shareholders including misuse of corporate assets and abuse in related party transactions.

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- c. Members of the Board and key executives should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.
- d. 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.
- e. The Company would ensure that all Related Party Transactions are pre-approved by the Audit Committee.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions

- 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 company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. 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;

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

- d. 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.
- e. 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
- f. The approval of the shareholders by way of an Ordinary resolution shall be taken for the material related party transaction as per the applicable provision of the companies Act, 2013(Save & except the transaction entered into in the ordinary course of business which are entered into at arms'

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length price ) or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

- g. The Company while seeking such approval of shareholders shall ensure that all the entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a related party with respect to the particular transaction or not.

Provided that the provisions of (f) above shall not be applicable for transactions entered into between the company and any of its wholly owned subsidiaries whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

#### 4. DISCLOSURES

- The Company is committed to disclose the details of all material transactions with related parties on quarterly basis along with the compliance report on corporate governance.
- The company shall disclose this policy on dealing with Related Party Transactions on its website and the weblink thereto shall be provided in the Annual Report.

#### 5. PROTECTED DISCLOSURE

All Protected Communication/Disclosures should be addressed to Compliance Officer of the Company. The contact details are as under:

**Company Secretary**

Peninsula Corporate Park, Unit 5 Ground Floor, Peninsula Tower -1 Wing B, Ganpatrao Kadam Marg, Lower Parel (W), Mumbai - 400013.

#### 6. AMENDMENTS

The Company reserves the right to make amendments to Policy on Related Party Transaction

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