

Type of Policy	Date of Adoption	Last date of Amendment	Approved by
Policy on Materiality of Related Party Transaction And dealing with Related Parties	10.11.2020	10.02.2022	Audit Committee and Board of Directors

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION AND
DEALING WITH RELATED PARTIES
MARINE ELECTRICALS (INDIA) LIMITED**

1. PREAMBLE, SCOPE AND APPLICABILITY

The Board of Directors of Marine Electricals (India) Limited (“the Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy is framed in compliance with the provisions of Regulation 23 and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, and other applicable provisions, if any; collectively referred to as the Applicable Regulatory Provisions.

This Policy shall supplement Company’s other policies/ procedures/ practices/ Delegation of Powers etc. which require approval of the Transactions/ Contracts/ Arrangement in specified manner and by specified authority.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

All Related Party Transactions shall be entered into by the Company in accordance with this Policy or in accordance with the applicable provisions.

2. DEFINITIONS

“**Arm’s length transaction**” has been defined to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest as defined in Section 188 (1) of the Companies Act, 2013.

“**Audit Committee**” means the Audit Committee of the Board constituted under provisions of the Listing Regulations and the Companies Act, 2013.

“**Board**” means Board of Directors of the Company as defined in Section 2(10) of the Companies Act, 2013..

“**Key Managerial Personnel**” shall have the meaning as defined in section 2(51) of the Companies Act, 2013 and other applicable provisions, if any, as amended from time to time.

“Related Party” means related party as defined in section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations or under the applicable accounting standards, each as amended from time to time.

“Related Party Transaction(s)” refers to those transactions that are covered under the scope of section 188 of the Act and Regulation 2 (1) (zc) of the Listing Regulations and any other applicable provisions as amended from time to time.

“Material Modification” means any modification which exceeds 10% of the approved limit of the Related Party Transactions after taking into consideration the revised proposal relating thereto

3. MATERIAL RELATED PARTY TRANSACTION

“Material Related Party Transaction” shall mean a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the threshold of:

- exceeds Rupees 1,000 crores or **ten percent** of the annual consolidated turnover of the company as per the last audited financial statements of the Company, whichever is lower.
- in case of transactions involving payments made with respect to brand usage or royalty exceed **five percent** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company

4. IDENTIFICATION OF RELATED PARTIES

The Company shall seek required disclosures or information from Directors and/or Key Managerial Personnel to identify a related party, in such form or manner as per the Act/ applicable laws, as amended from time to time.

5. REVIEW AND APPROVAL OF THE RELATED PARTY TRANSACTIONS

5.1 Approval by the Audit Committee

- a) The Company may enter into any related party transaction and subsequent material modifications thereof with the prior approval of the Audit Committee and only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.
- b) However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company, which shall be valid for a financial year and fresh approval shall be obtained from the Audit Committee every financial year.

- c) The Audit Committee shall consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.
- d) On a quarterly basis, the Audit Committee shall review transactions with related parties for omnibus approval given on the basis of the Applicable Regulatory Provisions

Provided further that 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 percent** of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

Provided further that 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 percent** of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Provided further that 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 the Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

5.2. Approval of the Board

The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:

- a. Transactions not in arm's length.
- b. Transactions not in ordinary course of business.
- c. Material Related Party transactions as specified in Clause 3.

The Board of Directors shall consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.

5.3. Approval by the Shareholders

All Material Related Party Transactions and subsequent Material Modifications thereof shall require prior approval of the shareholders through resolution, and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

However, prior approval of the shareholders of a 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. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

5.4. Ratification of Related Party Transactions in exceptional cases:

Any Related Party Transaction entered into by the Company with a Related Party, without obtaining the consent of Audit Committee or the Board of Directors or approval of shareholders in General Meeting, can in genuine cases be ratified by the Audit Committee or the Board of Directors or the shareholders at a General Meeting, as permitted in the Act or Listing Regulations.

5.5. While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.

5.6 Exceptions

The provisions of sub-regulations (2), (3) and (4) of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall not be applicable in the following cases:

- 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.
- 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.

6. CONTRACTS OR ARRANGEMENTS NOT IN THE ORDINARY COURSE OF BUSINESS OR AT ARM'S LENGTH BASIS

Contracts or arrangements approved which are not in the ordinary course of business or at arm's length shall be disclosed in the Board's Report along with justification for entering into such contract or arrangement.

In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

7. DISCLOSURES

The Company shall disclose details of contracts or arrangements or transactions not at arm's length basis in its Directors Report and material contracts or arrangement or transactions at arm's length basis in its Corporate Governance Report.

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

Further, the Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format as specified by the Board from time to time to the stock exchanges where the specified securities (as defined in the Listing Regulations) of the Company are listed and publish the same on its website.

Provided further that with effect from April 1, 2023 the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

8. MISCELLANEOUS

This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 & Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Accounting Standards and other applicable provisions for the time being in force.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail notwithstanding the provisions hereunder from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.