

## **POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY**

### **TRANSACTIONS REGULATORY FRAMEWORK**

The Policy on Materiality and Dealing with Related Party Transactions (“Policy”) of **Rubfila International Ltd (“Company”)** has been prepared considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulations 23 read with 2(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) along with circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

Regulation 23 of Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

### **OBJECTIVE of the Policy**

The objective of this Policy is to set out

1. the materiality thresholds for related party transactions and;
2. the manner of dealing with the transactions between the Company and its related parties based on the applicable laws

### **DEFINITIONS**

1. “Audit Committee” shall mean the Audit Committee constituted by the Board of the Company from time to time, in accordance with the provisions of the Act and Listing Regulations.
2. “Arms 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.
3. “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.
4. “Board of Directors” or “Board” shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and Listing Regulations.
5. “SEBI Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
6. “Regulation 23” means the Regulation 23 of the SEBI Listing Regulations.
7. “Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated parties, so that there is no conflict of interest;
8. “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 its 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;

9. "Company" means Rubfila International Limited;
10. "Relative" with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder;
11. "Related Party" shall have the meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.
12. "Related Party Transaction" have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:
  - a. the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;
  - b. the Company 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 Company 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, 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, its subsidiary or associate 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 Listing 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 Rubfila International Ltd or any of its subsidiaries by its directors or employees, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

Further, remuneration and sitting fees paid by Rubfila International Ltd or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group,

shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.

13. "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 transactions during a financial year, exceeds Rs. 50 Crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a Related Party for brand usage or royalty, it will 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 Company as per the last audited financial statements of the Company
14. "Key Managerial Personnel" or "KMP" shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP
15. "Industry Standards" shall mean the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as notified by SEBI vide its circular dated February 14, 2025.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

## **MANNER OF DEALING WITH RELATED PARTY TRANSACTION**

### **1. Identification of Related Parties**

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

### **2. Identification of Related Party Transactions**

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a. Material Related Party Transactions
- b. Other Related Party Transactions, but with promoter or promoter group or person/  
entity in which promoter or promoter group has concern or interest.
- c. Residual Related Party Transactions.

## **INTIMATION BY THE RELATED PARTIES**

Directors shall disclose to the Board, details of all their relatives and the list of entities in which the Director is concerned or interested directly / indirectly, in Form MBP-1, as prescribed under Section 184 of the Act. The key managerial personnel should disclose their relatives. Any changes in the particulars must be informed promptly to the Board of Directors.

The Directors and Key Managerial Personnel shall inform immediately the Board of any proposed related party transactions as soon as they become aware of it. It is the responsibility of the Director(s) or KMP who are interested in a proposed RPT to inform the Board and obtain approval prior to entering into the transaction. Interested Director(s)/ KMP shall not be present at the meeting during discussions on the subject matter of the resolution(s).

## **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

### **Audit Committee**

All related party transactions shall require prior approval of the audit committee. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature, subject to the compliance of conditions contained in Regulation 23 of the Listing Regulations.

### **Board of Directors**

The approval of the Board is not required for any transactions entered into by the company in its ordinary course of business and on an arm's length basis.

The Company should obtain the approval of the Board for all the transactions specified in section 188 (1) which does not satisfy any of the condition mentioned in the first paragraph, by following the procedure / provisions as per Section 188 of the Act.

### **Shareholders**

All the Material Related Party Transactions shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions. All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through a resolution if so required under any law and the Related Party/ies with whom transaction is to be entered into shall abstain from voting on such resolution.

Accordingly, the Company should obtain the prior approval of the shareholders in case of the transactions which are not in the ordinary course of business or at Arm's Length basis which exceeds the threshold limit as specified in Section 188(1) of the Act and Rule 15 of Companies (Meetings of Board and its Powers) Rule, 2014 and with any amendments made from time to time.

## **VOIDABLE CONTRACTS / ARRANGEMENTS**

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of Section 188 of the Act, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Without prejudice to anything stated above, it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of that section for recovery of any loss sustained by it as a result of such contract or arrangement.

#### **DISCLOSURES**

- a. The Company shall submit within 30 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 specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.
- b. The company shall disclose this policy under separate section in the website of the Company and a web link shall be disclosed in the Annual Reports.
- c. The Company shall disclose, in the Annual Report, the details of related party transactions as per Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- d. Such other disclosures as required under the law.

#### **POLICY REVIEW**

- a. The Audit Committee shall review statement of significant related party transaction on a quarterly basis. In addition, the details of the related party transaction pursuant to omnibus approval, if any, shall also be reviewed on a quarterly basis.
- b. The said policy should also be reviewed by the Board at least once in every three years.