



THE RUBY MILLS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

The Board of Directors (the “Board”) of The Ruby Mills Limited (the “Company”) has adopted this Policy on Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time, to the Policy, if any, shall be considered by the Board.

The Board of Directors (the “Board”) of the Company recognizes that transactions involving related parties present a heightened risk of conflicts of interest and/or improper valuation (or the perception thereof) which necessitate adoption of this Policy on Related Party Transactions (the “Policy”) which shall be followed in connection with all related party transactions involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Definitions

- (1) “Act” means the Companies Act, 2013
- (2) “SEBI Listing Regulations” means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended
- (3) “Audit Committee” means committee of Board constituted under provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013
- (4) “**Board**” means the Board of directors of the Company.
- (5) “**Company**” means The Ruby Mills Limited.
- (6) “**Key Managerial Personnel**” or “**KMPs**” means Key Managerial Personnel as defined under Section 2(51) of the Companies Act.
- (7) “Subsequent Material Modification” means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on arm’s length basis or such other parameter as may be determined by the Audit Committee from time to time.
- (8) Arm’s length transaction: The expression arm’s length transaction shall have the same meaning as assigned to it under Section 188 of the Companies Act, 2013.
- (9) “Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes

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all such activities which the company can undertake as per 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.

(10) 'Related party' means a person or entity which is a related party under Section 2(76) of the Act, Regulation 2(1)(zb) of the Listing Regulations or under the applicable accounting standards, as amended from time to time. and is a person or entity that is evaluated to the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly in making financial and/or operating decisions and includes the following:

- 1) A person or a close member of that person's family is related to a company if that person:
 - a. is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. has control or joint control or significant influence over the company; or
 - c. is a key management personnel of the company or of a parent of the company; or
- 2) An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
 - c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - d. Both entities are joint ventures of the same third party; or

One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or

- e. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company; or
- f. The entity is controlled or jointly controlled by a person identified in (1).
- g. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

Explanation: the term "control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time.

(11) **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:

Provided that the following shall not be a related party transaction:

(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^s 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.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

(d) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors” and includes transactions under the Companies Act or of the SEBI listing Regulations or any other related law, regulation, standard.

“Relative” means a relative as defined under the 2(77) of the Companies Act, 2013 and rules prescribed thereunder.

(12) **Material Related Party Transaction:** ” in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party 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.

Notwithstanding the above, 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 individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company”

- (13) Words and expressions used in the Policy but not defined anywhere in the Policy shall have the same meaning as respectively assigned to them in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges or the Companies Act, 2013 read with rules framed thereunder as amended from time to time.

Board or Committee Approval

The Board has determined that the Company’s Audit Committee (the “Committee”) shall review, All related party transactions and any subsequent material modifications thereof, shall require the prior approval of the Audit Committee of the Board. However, the Company may obtain omnibus approval from the Audit Committee for related party transactions proposed to be entered into by the Company or its subsidiary subject to and in the compliance with the Act and Rules made thereunder and Listing Regulations and any statutory modifications or re-enactment thereof.

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

Provided that:

- (a) a related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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 Company;
- (b) with effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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;
- (c) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing regulations are applicable to such listed subsidiary.

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

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- (d) remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel 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(1) of Listing Regulations.
- (e) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:
 - i. the value of the ratified transaction(s) with a related party, whether entered individually or taken together, during a financial year shall not exceed Rupees One Crore.
 - ii. the transaction is not material in terms of the provisions of regulation 23(1) of Listing Regulations.
 - iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.
 - iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of regulation 23(9) of Listing Regulations.
 - v. any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

Management Report

The Chief Financial Officer (CFO) of the Company (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) shall be responsible for providing to the Committee, on a quarterly basis, a summary of all payments made by or to the Company in connection with duly approved Related Party Transactions during the preceding fiscal quarter. The CFO / any other person as may be required by the Committee / the Board shall be responsible for reviewing all disbursement made by or to the Company in connection with duly approved Related Party Transactions and shall certify to the Committee that any payments made by or to the Company in connection with such Related Party Transactions have been made in accordance with Company policies and the terms and conditions of the documents evidencing the relevant Related Party Transactions.

Shareholder Approval

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following

- a. Name of the related party
- b. Nature of the transaction

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- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Such other conditions as the Audit Committee may deem fit.

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 / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further shareholders' approval shall also not be applicable for the transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved by the audit committee then, the members of the audit committee, who are independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation.
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

Disclosure

- (a) The particulars of contracts or arrangement with Related Parties will be disclosed in the Register of Contracts or Arrangements in which directors are interested (refer Rule 16 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and in the Directors' report in Form AOC-2, in the manner prescribed in the Act, and the Rules thereunder.
- (b) The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same on company's website. Provided further that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated

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financial results.

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

Provided further that the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under regulation 23(9) of Listing Regulations provided that the same is not material in terms of the provisions of regulation 23(1) of Listing Regulations.

Amendment of This Policy

This policy shall be reviewed by the Audit Committee and the Board of Directors at least once every three years or as and when required and update the same accordingly.

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