

CITADEL REALTY AND DEVELOPERS LIMITED (CRDL)

POLICY REGARDING RELATED PARTY TRANSACTIONS AND CORPORATE OPPORTUNITIES

CRDL is part of "Marathon Group" and the main object of the Company (CRDL) is Construction and Real Estate Activities. Marathon Group consists of firms and bodies corporate, the main objects are to deal with Real Estate and construction activities. The Group was established in the year 1969.

Policy Frame work:

Effective as of October 1, 2014, the Capital Market Regulator, SEBI, through the Stock Exchanges has mandated certain changes in SEBI (LODR) Regulations 2015 relating to RPTs. Earlier to this the RPTs were dealt in the erstwhile Clause 49 of the Listing Agreement of the Listed Companies. One of the Changes is that Companies should have a defined Policy on the RPTs under taken and the details said RPTs be disclosed on quarterly basis to the concerned Stock Exchanges, where its shares are Listed. The said policy should also be hosted in the Company's website.

Accordingly this Policy (Part-I & Part II) is being updated and adopted by CRDL for RPTs effective from April 1, 2019 :

PART- I

The Policy:

The Company recognizes all the Related Party Transactions (RPTs) are Corporate Opportunities (each as defined below) which may raise questions by stockholders as to whether those transactions are consistent with the best interests of the Company and its stockholders.

It is the Company's policy to enter into or ratify such transactions only when the Board of Directors, acting through the Audit Committee (the "Committee") or its Chair as provided for herein, determines that the transaction in question is in, the best interests of the Company and its stockholders.

Therefore, the Company has adopted the policies and procedures set forth below for the review, approval, ratification or other action with respect to Related Party Transactions and Corporate Opportunity transactions, which policies and procedures apply to all Directors and KMP of the Company.

I. Definitions:

1. "Related Party":

Related party with reference to a company has been defined by sec 2(76) the Companies Act 2013, which includes the following:

- Director or his relative
- Key Managerial Persons his/her relative
- Firm in which director, manager or their relative is a partner
- Any Private Company in which director or manager is a member or director
- Public company in which director is a director or holds along with his relatives more than 2% of paid up share capital

- A body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, Directions or instructions of a director or manager
- Any person on whose advice director or manager is accustomed to act except in a professional capacity
- Anybody corporate which is –

(A) a holding, subsidiary or an associate company of such company;

(B) a subsidiary of a holding company to which it is also a subsidiary; or

(C) an investing company or the venturer of the company;”;

[Explanation. – For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

- Such other person as may be prescribed.

List of Relatives : Section 2 (77): a person shall be deemed to be the relative of another, if he or she is related to another in the following manner:

- (1) Spouse
- (2) Father (including step-father)
- (3) Mother (including step-mother)
- (4) Son (including step-son)
- (5) Son’s wife
- (6) Daughter (including step-daughter)
- (7) Daughter’s husband
- (8) Brother (including step-brother)
- (9) Sister (including step-sister)

II. **“Corporate Opportunity”** is a business opportunity that a Director/ KMP or their nominee intends to pursue, whether through investment or participation in the business, and that the Company might reasonably be interested in pursuing, which (a) has a direct or close relationship to a business or line of business in which the Company is currently engaged, or (b) with respect to which (i) the Company has publicly announced it intends to engage or (ii) such Director / KMP or nominee is aware the Company has determined or intends to engage or is in the process of considering whether it will engage.

Conflict of Interest: However, such a Director/KMP or nominee intends to pursue corporate opportunity which is not, in all cases, a conflict of interest. A potential Corporate Opportunity will be deemed to lead to a conflict of interest only if the Committee decides that such Corporate Opportunity creates a conflict of interest.

III. "Related Party Transaction (RPT)":

- A. A RTP is a transfer of Resources, services or obligations between a company and a related party, REGARDLESS of whether a price is charged and a "transaction" with a related part shall be construed to include a single or a group of transaction in a contract

AND

- B. The following transaction/ s that is/ are reportable by the Company under SECTION 188 (1) are RELATED PARTY TRANSACTIONS:
- (a) sale, purchase or supply of any goods or materials;
 - (b) selling or otherwise disposing off, 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) such Related party's appointment to any office or place of profit in the company ,its subsidiary company or associate company and;
 - (g) underwriting the subscription of any securities or derivatives thereof of the company;

IV. Identification of Related Parties.

1. Each director and Key Managerial Personnel shall be responsible for providing advance notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Exclusions: The following shall not be deemed as a RPT :

- Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, towards his or her duties to the Company.
 - Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than any key managerial personnel (or comparable position), provided that the each such contribution, made in a financial year, does not exceed two percent (2%) of the Company's average net profit for the preceding three financial years.
2. Any person proposed to be nominated to stand for election as a Director shall be advised to submit to the Secretarial Department the information described in Section Sr. no. 1 above not later than the date of his or her nomination."
3. Any person who is to be appointed as a director or a KMP shall submit to the Secretarial Department the information described above prior to such person's appointment as a director or KMP , except in the case of KMPs where due to the circumstances it is not practicable to submit the information in advance, in which

case the information shall be submitted as soon as reasonably practicable following the appointment.

V. PROCEDURES FOR REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions will be subject to the approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Audit Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such related party transaction and will not be counted in determining the presence of a quorum when such transaction is considered.

VI. APPROVAL BY CIRCULAR RESOLUTION OF THE AUDIT COMMITTEE

In the event the Key Managerial Personnel determine that it is impractical to wait until a meeting of the Audit Committee to enter into a Related Party Transaction, such transaction may be approved by the Audit Committee by way of a circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Audit Committee at its next scheduled meeting.

VII. APPROVAL BY THE BOARD

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board will consider and in its judgment, approve or disapprove the Related Party Transaction and the considerations set forth above will apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

VIII. OMNIBUS APPROVAL BY THE AUDIT COMMITTEE

As per the Reg. 23 (3) (c) (iii) of SEBI (LODR) Regulations, 2015:

Omnibus approval is given to related party transactions which cannot be foreseen for and/or for which the details of the party, nature of transactions, period of transactions, maximum amount of the transactions, indicative base price/ current contractual price and formula for price variation, if any, are not available, to the maximum extent of Rs. 1Crore per transaction subject to an overall limit of Rs. 20 Crores in a financial year.

As regards, repetitive transactions and transactions which cannot be subject to omnibus approval, specific proposals may be placed before the Audit Committee, if so needed.

IX. RPTs THAT ARE NOT BE SUBJECTED TO THE OMNIBUS APPROVAL

- a. Selling or disposing of the undertaking of the Company. b. All Material Related Party Transactions.
- c. All the RPTs or arrangements / contracts which exceed the threshold as amended therein from time to time under clauses (a) to (e) of subsection (1) of section 188 of the Companies Act 2013.
- d. Any other RPT as approved by the Board of Directors and which is/are specifically exempted from obtaining the Omnibus approval of the Audit Committee.

X. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

If prior approval of the Audit Committee or the Board or general meeting for entering into a Related Party Transaction/s is not feasible, then the Related Party Transaction will be ratified by the Audit Committee and the Board or general meeting, if required, as promptly as practicable and within 3 months from the date on which such Related Party Transaction/s was entered into.

The Audit Committee or the Board or the shareholders shall consider all relevant facts and circumstances in respect of such transaction and will evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

In any case where either the Audit Committee or the Board or a General Meeting decides not to ratify a Related Party Transaction/s that has been commenced without approval, the Audit Committee or Board or the General Meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee or Board has authority to modify or waive any procedural requirements of this Policy.

In determining whether to approve or ratify a Related Party Transaction/s, the Audit Committee or Board will consider whether the Related Party Transaction/s is/are on reasonable terms having regard to the circumstances of the case. The Audit Committee and the Board will also take into account the extent of the Related Party's interest in the transaction.

No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director or Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee or the Board.

XI. DETERMINATION OF ORDINARY COURSE OF BUSINESS

"In the Ordinary Course of Business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing/giving of guarantees or collaterals or loans or any other financial assistance, in the normal routine in managing the business and is not a standalone transaction, not relating to the day-to-day business of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the ordinary course business.

Also, the Memorandum of Association of the Company, Clause 69 (iii) states, "In the Ordinary Course of its business means providing /advancing loans/lending monies, routinely and usually, to the group companies, joint venture company/ies in order to carry out their main objects that are in line with the "Objects" of the Company on continuous basis as and when the need arise and subject to the limits as may be prescribed by the Board of the Company in this regard, which carries interest at the rate not less than the bank rate declared by RBI from time to time"

XII. DETERMINATION OF ARM'S LENGTH NATURE OF THE RELATED PARTY TRANSACTION

Price Determination:

At the time of determining the arm's length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

(i) Permissible methods of arm's length pricing as per applicable law including such prices where the benefits of safe harbor is available under applicable law.

(ii) For the said purposes, the Audit Committee shall make an independent assessment.

(b) Screening of arm's length Related Party Transaction:

A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening or selection criteria and procedures as may be applicable in case of an unaffiliated party.

XIII. DISCLOSURES

Disclosures with respect to the Related Party Transactions will be made as per applicable provisions of the Act and SEBI(LODR) Regulations 2015-Regulation 23(9) .

XIV COMPLIANCE WITH RPT POLICY

1. Every person associated with a Related Party Transaction will be accountable for complying with this Policy that may be in force from time to time.

2. Director or Key Managerial Personnel , who had entered into or authorized the contract or arrangement in violation of this Policy and legal framework regulating related party transactions, will be guilty of non-compliance.

3. In case of breach of this Policy, Audit Committee and / or Board may initiate appropriate action against the person/s responsible.

4. A person shall not be eligible for appointment as a Director of a Company if he has been convicted of an offence under Section 188 of the Act in respect of any Related Party Transaction at any time during the preceding five years.

XV. Questions or Guidance:

Any questions on the application of this Policy should be directed to the Chairman of the Audit Committee .who will be responsible for providing all interpretation and guidance regarding this Policy.

PART- II

Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions u/Reg. 23(1) of SEBI(LODR) Regulations 2018 :

1. Scope & Inclusion: This PART-II of the policy sets definition of materiality of related party transactions and dealing with related party transactions as per Regulation 23(1) of SEBI(LODR) Regulations 2015(as amended).

3. Threshold limits & Materiality: Transactions with related party/s shall be considered as "Material related party contracts / arrangements **if the transaction/s to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of CRDL as per the last Audited financial statements.**

4. Approvals: All material related party contracts / arrangements shall require approval of the shareholders through resolution and NO Related party shall **vote to approve such** resolutions whether CRDL is a related party to the particular transaction or not.

-The details of all material transactions with related parties shall be disclosed on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges ,as amended ,under Regulation 27(2)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- Quarterly/Periodical update to the Audit Committee on all the related party transactions entered into by the Company. -

-The Company shall keep one or more registers as specified under Applicable Law giving separately the particulars of all contracts or arrangements with any related party.

REVIEW: This Policy shall be reviewed by the Board of Directors at least once in three years and updated accordingly:

This Policy shall be uploaded on the website of the Company and a web link there to shall be provided in the Annual Report.

PART- III

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

U/R-16(1)(c) of SEBI(LODR)Regulations 2015.

1. Policy Objective

This Policy is framed in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") by MNRL ("the Company"). The Board of Directors of the Company may review and amend this policy from time to time to align it with the applicable laws, rules, notifications, circulars and regulations.

2. DEFINITIONS

"**Income**" means the total revenue of the Company as per the latest audit financial statements

"**Net Worth**" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

"**Subsidiary**" shall be as defined under the Companies Act, 2013 and the Rules made there under.

3. Policy

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a. the Income of the subsidiary exceeds 10% of consolidated Income of the Company and its subsidiaries in the immediately preceding accounting year.; or
- b. the net worth of the subsidiary exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year

4. Disclosures

The Policy for determining material subsidiaries is to be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company, as per the provisions of laws in force.

The Board perused, confirmed and adopted the same.

