

# MANDHANA INDUSTRIES LIMITED

## POLICY ON RELATED PARTY TRANSACTIONS

The Board of Directors (the “Board”) of Mandhana Industries Limited (the “Company”) has adopted this Policy on Related Party Transactions pursuant to requirement of sub clause VII(C) of clause 49 of the Listing Agreements entered with the Stock Exchanges as amended vide circular no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 issued by the Securities and Exchange Board of India (the “SEBI”) effective from October 1, 2014.

The Board of Directors (the “Board”) of Mandhana Industries Limited 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) “Related Party Transaction” is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.
- (2) ‘Related party’ is a person or entity that is related 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

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- 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
  - e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
  - f. 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
  - g. The entity is controlled or jointly controlled by a person identified in (1).
  - h. 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.

(3) *Material* Related Party Transaction:

A transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

(4) 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.

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- (5) 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 Listing Agreements with the Stock Exchanges or the Companies Act, 2013 read with rules framed thereunder as amended from time to time.

### **Board or Committee Approval**

- (1) The Board has determined that the Company's Audit Committee (the "Committee") shall review, approve and, if necessary, recommend to the Board for its approval all Related Party Transactions and any material amendments to such Related Party Transactions. The Board may determine that a particular Related Party Transaction or a material amendment thereto shall instead be reviewed and approved by a majority of directors disinterested in the Related Party Transaction. 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.
- (2) The Committee shall review the material facts of all Related Party Transactions that require the Committee's approval or recommendation. If Related Party Transaction(s) is/are on continuous / ongoing basis, the Audit Committee may, in its discretion, establish guidelines for the management to follow in such dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with the Committee's guidelines.
- (3) (a) All *material* Related Party Transactions; or  
(b) Related Party Transactions which have not been entered in ordinary course of business; or  
(c) Related Party Transactions which do not confirm the arm's length basis shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

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### **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.

### **Disclosure**

All Related Party Transactions shall be disclosed in the Company's documents with such information and facts as per the requirements of the applicable clause(s) of the Listing Agreements, SEBI's Regulations notified from time to time, the provisions of the Companies Act, 2013 and rules made thereunder.