

MANUGRAPH INDIA LIMITED

**POLICY ON RELATED PARTY TRANSACTIONS AND ON DEALING WITH TRANSACTIONS
WITH SUBSIDIARIES**

1. INTRODUCTION

The Board of Directors has adopted this Policy upon recommendation of the Audit Committee. The said Policy includes materiality thresholds and the manner of dealing with Related Party Transactions (“the Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (“Listing Regulations”). Amendments, from time to time, to the Policy, if any, shall be considered by the Board of Directors based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders

2. POLICY OBJECTIVE

The Listing Regulations mandates formulation of a policy on materiality of Related Party Transactions and on dealings with Related Party Transactions. This Policy has been framed for complying with this requirement.

3. DEFINITIONS

“**Act**” means the Companies Act, 2013.

“**Arm’s 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.

“**Associate Company**” means a company as defined under section 2(6) of the Act and as defined by Accounting Standard (AS) 23, “Accounting for Investments in Associates in Consolidated Financial Statements”.

“Audit Committee or Committee” means a Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Agreement with the Stock Exchanges and the Act or the Companies Act, 1956.

“Board of Directors” or “Board” means the collective body of the Board of Directors of the Company, as constituted from time to time.

“Control” shall have the same meaning as defined in section 2(27) of the Act and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“Key Managerial Personnel” means the key managerial personnel (“KMP”) of the Company as defined in section 2(51) of the Act and the Rules made thereunder

“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 Memorandum & Articles of Association.

“Policy” means Policy on Related Party Transactions and also on dealing with Related Party Transactions.

“Relative” with reference to a any person means a relative as defined in section 2(77) read with section 203 of the Act and Rules made thereunder

“Related Party”: An entity shall be considered as related to the Company if:

- (i) such entity is a related party under Section 2(76) of the Act; or
- (ii) such entity is a related party under the applicable accounting standards.

“Related Party Transaction” means any transaction (including a group of transactions) between the Company and a Related Party for transfer of resources, services or obligations, regardless of whether a price is charged.

“Material Related Party Transaction” means a transaction with a related party shall be considered material if the transactions to be entered individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated

turnover of the company as per the last audited financial statements of the company (“Material Related Party Transaction”).

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 into individually or taken together with previous transactions during a financial year, exceeds 2% of the annual consolidated turnover of the Company as per the last audited financial statements.

“Office or Place of Profit” means any office or place:

- (i) where such office or place is held by a Director, if the Director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a Director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

“Subsidiary company or subsidiary” means a company as defined in Section 2(87) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

4. APPROVAL PROCESS

1) Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant prior omnibus approval for Related Party Transactions which are repetitive in nature and are in the ordinary course of business and satisfy the Arm’s Length basis, subject to the compliance of conditions contained in Regulation 23 of the Listing Regulations.

Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion

and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

To review a Related Party Transaction, the Audit Committee shall be provided with necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act and the Listing Regulations. While considering any Related Party Transaction, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

2) The Audit Committee will have the discretion to recommend / refer any matter relating to the RPT to the Board for the approval.

3) Approval for Material RPTs

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.

5. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND ON ARM'S LENGTH BASIS

The Audit Committee or the Board shall, in respect of the RPTs referred to them for approval, shall after considering the materials placed before them, shall decide whether the transaction is in the ordinary course of business or at arm's length basis. In case the Audit Committee decides the transaction not being in the ordinary course of business or not on arm's length basis or is not able to arrive at such a decision, the same shall be referred to the Board for approval.

6. DISCLOSURE BY DIRECTORS/ KMPs AND DISCLOSURES BY THE COMPANY

1. All Directors/ KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form.

2. Each Director and KMP of the Company shall promptly notify the Company of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.
3. The Company shall maintain Register of all the disclosures made by the Directors and KMPs in the prescribed form and containing prescribed particulars and after entering the particulars, such register or registers shall be placed before the next meeting of the Board and signed by all the directors present at the meeting.
4. The Company shall disclose the Policy on dealing with RPTs on its website and a weblink thereto shall be provided in the Annual Report.
5. Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance, as required under listing agreement.
6. As per Section 188(2) of the Act, every contract or arrangement entered into by the Company under Section 188(1) shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

7. GUIDING PRINCIPLES FOR APPROVAL OF A RELATED PARTY TRANSACTION BY THE BOARD/ AUDIT COMMITTEE THEREOF

To review a RPT, the Board/ Audit Committee will be provided with all the relevant information pertaining to the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval needs to be accorded to a RPT, the Board/ Audit Committee will consider the following factors:

1. Whether the terms of the RPT are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
2. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
3. Whether the RPT would impair the independence of an otherwise Independent Director;
4. Whether the RPT would present an improper conflict of interest for any Director, or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director, KMP or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Audit Committee deem fit to consider.

8. CONSEQUENCES OF NON-COMPLIANCE OF POLICY FOR RELATED PARTY TRANSACTIONS

1. As per section 188(3) of the Act, 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 special resolution in the general meeting under sub-section (1) 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 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.
2. In case the Board/ Audit Committee determines not to ratify a RPT that has been commenced without approval, the Board/ Audit Committee, 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 RPT, the Board/ Audit Committee has authority to modify or waive any procedural requirements of this Policy.
3. As per section 188(4) of the Act, without prejudice to anything contained in section 188(3) of the Act 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 section 188 of the Act for recovery of any loss sustained by it as a result of such contract or arrangement.
4. As per section 188(5) of the Act, any Director or any other employee of a Company, who had entered into or authorised the contract or arrangement in violation of the provisions of section 188 of the Act shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both.
5. Non-compliance of this Policy by the Company, Director, KMP or any other employee or officer of the Company may also lead to penal consequences under the Listing Agreement, Securities Contract Regulation Act, 1956 or other applicable provision of any other relevant legislation.