

MANUGRAPH INDIA LIMITED

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

1. INTRODUCTION

The Board of Directors (the “Board”) of Manugraph India Limited (the “Company”) has adopted the following Policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this Policy from time to time.

This Policy will be applicable to the Company. This Policy is to regulate transactions between the Company and its Related Parties as determined based on the Companies Act, 2013, Listing Agreement and any other laws and regulations applicable to the Company.

2. POLICY OBJECTIVE

This Policy is framed based on Listing Agreement entered by the Company with the Stock Exchanges and primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

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”

a) Under Clause 49 of Listing Agreement

A related party transaction (“RPT”) is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

b) Under Section 188 of the Act

As per section 188(1) of the Act, any contract or arrangement with a related party with respect to the following shall be considered as a RPT:

- 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) 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

“Material Related Party Transaction”

A) Under Clause 49 of Listing Agreement

As per clause 49 of Listing Agreement, 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 ten percent of the annual consolidated turnover** of the company as per the last audited financial statements of the Company

B) Under Section 188 of the Act

As per section 188 of the Act, a transaction shall be considered material if it exceeds such sum as prescribed under the Rules made under first proviso to section 188(1) of the Act as mentioned below, or any subsequent amendment thereto: .

(a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 as mentioned above, with criteria as mentioned below -

(i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent of the turnover of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of net worth of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) leasing of property of any kind exceeding ten percent of the net worth of the Company or ten percent of turnover of the Company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

(iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten percent of the turnover of the Company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation— It is hereby clarified that the limits specified in sub-clauses (i) to (iv) above shall apply for transaction or transactions to be entered into either

individually or taken together with the previous transactions during a financial year.

(b) is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of subsection (1) of section 188; or

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation - (1) The Turnover or Net Worth referred to above shall be computed on the basis of the Audited Financial Statement of the Company for preceding Financial year.

(2) In case of a wholly owned subsidiary, the special resolution passed by the Company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the Company.

“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 Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

4. APPROVAL PROCESS

- 1) The Company will enter into any RPTs only with the approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed RPT subject to the following conditions:
 - a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the Policy on RPTs of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - b. The Audit Committee satisfy itself with the need for such omnibus approval and that such approval is in the interest of the Company;
 - c. Such omnibus approval shall specify the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.
 - d. In such cases where the need for RPT cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees one crore per transaction;
 - e. The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;
 - f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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

a) Material RPTs falling under clause 49 of Listing Agreement

All Material RPTs falling under clause 49 of Listing Agreement shall require approval of the shareholders of the Company by way of a special resolution irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or on arm length or both.

Transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders for approval at the general meeting, are exempted from obtaining approval of shareholders of the Company.

All entities falling under the definition of related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

b) Material RPTs falling under section 188 of the Act

All Material RPTs falling under section 188 of the Act, shall require prior approval of the shareholders of the Company by way of a special resolution.

Section 188 of the Act does not apply to transactions, which are entered into by the Company in its ordinary course of business and on an arm's length basis. Such transactions do not even require the approval of Board of Directors of the Company.

No member of the Company shall vote on any resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

4) All RPTs falling under section 188 of the Act, which is either not in the ordinary course of business or is not at arm's length or both, other than Material RPTs, shall also require approval of Board of Directors of the Company besides approval of the Audit Committee.

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.