

POLICY ON RELATED PARTY TRANSACTIONS

Introduction & Purpose

The Board of Directors of the Meenakshi India Limited (“the Company”), on recommendation of the Audit Committee, has adopted this policy to:

- a) regulate transactions of the Company with its related parties (as defined and identified under the Companies Act, 2013 and Rules made thereunder (the “Act”) and the SEBI (Listing Obligations and Disclosure Requirements), 2015 (“Listing Regulations”);
- b) ensure high standards of Corporate Governance while dealing with related parties; and
- c) ensure optimum compliance with various applicable laws prescribed for related party transactions (“RPT”).

Definition

- **“Act”** means the Companies Act, 2013.
- **“Regulation 23”** means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **“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.
- **“Audit Committee”** shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **“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. 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.
- **“Company”** means Meenakshi India Limited.
- **“Board”** refers to Board of Directors of Meenakshi India Limited.
- **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
- **“Key Managerial Personnel”** (KMP) means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

➤ **Related Party:**

A Related Party shall have the same meaning as defined under the Act and the Listing Regulations, as may be amended / modified from time to time.

➤ **Related Party Transaction (RPT):**

Related Party Transaction (RPT) have the meaning for the purpose of Companies Act, 2013, specified transactions mentioned in clause (a) to (g) of sub-section 1 of Section 188 and as per Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, including but not limited to the following:

- ❖ sale, purchase or supply of any goods or materials;
- ❖ selling or otherwise disposing of, or buying, property of any kind;
- ❖ leasing of property of any kind;
- ❖ availing or rendering of any services;
- ❖ appointment of any agent for purchase or sale of goods, materials, services or property;
- ❖ appointment to any office or place of profit in the company;
- ❖ underwriting the subscription of any securities or derivatives thereof, of the company.

➤ **Materiality:**

The materiality of any RPT will be ascertained as per the thresholds prescribed under the Act or the Listing Regulations, whichever is lower:

(i) Materiality threshold under the Act

A transaction with a related party shall be considered material if it exceeds threshold as prescribed under section 188 of the Act read with Rules made thereunder or any subsequent amendment thereto.

(ii) Materiality threshold under Listing Regulations

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the following thresholds:

- In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 2% of the annual consolidated turnover of the Company as per its last audited financial statements;

- In case of any other transaction(s), if the amount exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements.

➤ **Arm's Length Basis:**

Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.

➤ **Ordinary Course of Business:**

Transactions with related parties will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets transactions and pursuant to the objects of the Company.

Policy

- a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
- b) All RPTs shall be placed before Audit Committee for prior approval of the Audit Committee, as required under the provisions of the Act and the Listing Regulations
- c) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion shall be ensured at the time of each such change. Further, where the need for RPTs cannot be foreseen and requisite details are not available, the Audit Committee may grant omnibus approval for such transactions provided that value of each such transaction shall not exceed ₹ 1 crore.

Further the committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

- d) All RPTs specified u/s 188 of the Act which are not in the ordinary course of business of the Company or not at arm's length basis shall be effected only with prior approval of the Board of Directors of the Company, on recommendation of the Audit Committee

- e) All RPTs specified in the Act which are not in the ordinary course of business of the Company or not at arms' length basis and exceed the thresholds laid down in the Act shall be placed before the shareholders' for their approval. Notwithstanding, the RPTs which cross the materiality threshold as defined under the Listing Regulations shall be entered by the Company only with the prior approval of the shareholders of the Company
- f) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy
- g) Any transaction that is specifically excluded from applicability of the related party provisions under the Act and / or the Listing Regulations shall not require a separate approval under this policy

Administrative Measures

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party(ies) shall, irrespective of their level, be responsible for compliance with this Policy. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee. The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

Interpretation

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

Disclosure

The Policy is available on the website of the Company i.e. www.milgroup.com and a web link thereto shall be provided in the Company's Annual Report.

Review

This Policy shall be reviewed by the Board of Directors at least once every three years, effective 1st April, 2019.