

MEENAKSHI MERCANTILE LIMITED

Policy on Related Party Transactions

ABOUT THE COMPANY

The company was originally incorporated on the 2nd day of July, 1985 as a Public Company Limited by Share under the provisions of the Companies Act, 1956 in the State of Assam.

Subsequently the Registered Office of the Company is shifted to the State of West Bengal vide order of the Company Law Board, Eastern Region Bench, Kolkata dated 26.09.2007.

Presently the Registered Office of the company is situated at 504, Woodburn Central, Bibhabati Bose Sarani, Kolkata-700020 in the State of West Bengal.

Presently, the Company is registered with the Reserve Bank of India as NBFC-ML (Middle Layer). The Company is engaged in the business of investments, trading and dealing in shares and securities, mutual funds, financing and carrying on business in accordance with the regulatory framework.

SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under, **Meenakshi Mercantiles Limited ("MML" or "the Company")** has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

In light of the above, MML has framed this Policy on Related Party Transactions (the "Policy"). This Policy has been duly adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. The Audit Committee shall review the policy on the periodic basis and may amend this Policy from time to time, as and when required, subject to the approval of the Board.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out



(a) the materiality thresholds for related party transactions and;

(b) the manner of dealing with the transactions between the Company and its related parties based on the Act and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

"Audit Committee or Committee" means a committee of the Board of Directors of the Company constituted under provisions of the RBI Directions and the Companies Act, 2013. The Board/Audit Committee shall review and accordingly may amend this policy, as and when required by the applicable laws, rules and regulations.

"Board" means the Board of Directors of the Company constituted under provisions of the Companies Act, 2013.

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes:

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
- Company Secretary; and
- Chief Financial Officer

"Arm's length transaction ('ALP')" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

"Related Party" with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013.

"Related Party Transaction" shall mean all transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a 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.

"Material Related Party Transaction" means 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 ten percent of the annual turnover of the company as per the last audited financial statements of the company or such limits as may be prescribed in the Companies Act, 2013 from time to time.



MATERIALITY THRESHOLDS

The Company has fixed its materiality threshold as per last audited financial statements of the company for the purpose of Section 188 of the Companies Act 2013,

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of related parties

MML has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under.

b) Identification of related party transactions

MML has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act. MML has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

c) Procedure for approval of related party transactions

Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee.

Omnibus approval

The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall, after obtaining approval from the board, lay down the criteria for granting the omnibus approval in line with this policy in respect of transactions which are repetitive in nature;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide -
 - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - (ii) the indicative base price/current contracted price and the formula for variation in the price if any; and
 - (iii) such other conditions as the Audit Committee may deem fit.



However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- The Audit 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 approval given;
- Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed - including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;

Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;

Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;

Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;

Benchmarking information that may have a bearing on the arm's length basis analysis, such as:

- market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
- third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
- management assessment of pricing terms and business justification for the proposed transaction;
- comparative analysis, if any, of other such transaction entered into by the company.



Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down Clause 5 of the Policy, which are intended to be placed before the shareholders for approval.

Approval of the Shareholders of the Company

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 5 of the Policy, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which

(a) are not in the ordinary course of business and at arm's length basis; and

(b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

RATIFICATION OF TRANSACTIONS

In the event the Company becomes aware of any related party transaction involving an amount not exceeding Rs. 1 crore that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee, which shall, basis independent evaluation, ratify, revise, terminate or suggest such other options with respect to such related party transaction. If such transaction is not ratified by the Audit Committee within 3 months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee.



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 resolution in the general meeting 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 or, as the case may be, of the shareholders; and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

DISCLOSURES

MML shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate. In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

The relevant aspects of this policy will be communicated to all the directors and concerned employees/officials of the Company.

MONITORING & REVIEW OF THE POLICY

The Board of Directors or the Audit Committee of the Board of the Company shall monitor and review the Policy periodically/Annually or as and when required and can amend this Policy as and when deemed fit.

