

MANAPPURAM COMPTECH AND CONSULTANTS LIMITED

*POLICY ON DETERMINATION OF RELATED PARTIES AND DEALING WITH RELATED PARTY
TRANSACTIONS
("RPT POLICY")*

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I. INTRODUCTION:

Manappuram Comptech and Consultants Limited ("the Company" or "MACOM") affirms good standard of governance practices and conducts its business in a fair and transparent manner duly complying with the applicable laws as in force. The Company is putting its best efforts consistently to enhance stakeholders long term value without compromising the corporate philosophy, ethics and standard of governance practices.

The Board of Directors (the "Board") of the Company has adopted this Policy on determination of Related Parties and Dealing with Related Party Transactions ("RPT") upon the recommendation of the Audit Committee. Through this policy, the Company endeavors to bring in more transparency in management in respect of transactions with related parties. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

II. APPLICABILITY:

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions.

III. OBJECTIVE:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties and also RPTs undertaken by its subsidiaries in compliance with the laws and regulations as may be applicable from time to time. It is essential to keep a stringent check on RPTs which may present a potential or actual conflict of interest and may act against the best interest of the Company and its shareholders.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

IV. **DEFINITIONS:**

"Audit Committee" or "the Committee" means the committee of Board of Directors of the Company constituted under the provisions of Section 177 of the Companies Act, 2013;

Arm's Length Transaction (ALB): "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

"Board" means Board of Directors of the Company;

"Key Managerial Personnel" "KMP" means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013

Ordinary Course of Business (OCB): Any transaction entered into ordinary course of business or transactions

"Related Party" means related party as defined under Section 2(76) of Companies Act 2013

"Related Party Transaction" a means related party transaction as defined under Section 188 of Companies Act 2013

"Relative" means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

All other words and expressions used but not defined in this policy shall have the meaning as defined under Companies Act, 2013 or shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case maybe.

v. **POLICY:**

All Related Party Transactions shall require prior approval of the Audit Committee comprising of a quorum of only Independent Directors being members of the said Committee approving the same. Such approval shall be only at a meeting of the Audit Committee and not by circulation.

All proposed Related Party Transactions and subsequent material modification of such Related Party Transaction must be presented before the Audit Committee for prior approval by the Independent Directors of the Committee.

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval and the criteria to be followed in granting omnibus approval is provided in this policy.

The general policy adopted by the Company is as follows:-

Sl. No	Type of transactions	Conditions
1.	Transactions/ Proposals for prior approval	<p>Generally all expense related transactions are placed for prior approval of Audit Committee and Board. Only upon the approval obtained from Audit Committee and Board, such transactions can be proceeded with.</p> <p>In case of extra-ordinary situations, where there is an emergency situation, company may incur such expense related party transactions provided the same is ratified by Audit Committee /Board in the immediate next meeting.</p> <p>All revenue related transactions falling under ordinary course of business, do not require prior approval of the Audit Committee/Board.</p>

2.	Training Fee paid to KMP of the Company	All training fees paid as part of Company Higher Education Policy/ such other approvals which is basically for trainings of KMP`s is generally permitted.
3	Transactions with Omnibus Limits	Audit Committee may grant omnibus approval for transactions of repetitive nature and such approval shall be in the interest of the company.
4	Transaction of Reimbursement of Actuals	In cases where company is using facilities which are shared with others and the actual usage of electricity, water, fuel and maintenance charges; The actual expenses may be shared with other parties and such expenses should not involve any element of profit.
5	Agreements entered	Agreements entered with respect to transactions specified above, and having Audit Committee and Board approval is permitted.

VI. TRANSACTIONS THAT ARE CONSIDERED AS RELATED PARTY TRANSACTIONS:

Following types of the transactions considered as related party as per section 188 of Companies Act, 2013:

- (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 or a Key Managerial Personnel in the company, its subsidiary company or associate company; and

(g) Underwriting the subscription of any securities or derivatives thereof, of the company.

VII. TRANSACTIONS THAT ARE NOT CONSIDERED AS RELATED PARTY TRANSACTIONS:

The following transactions are not considered as Related Party Transactions

1. The issue of specified securities on a preferential basis, subject to compliance of the requirements
2. The Corporate actions by the entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding
 - a) Payment of dividend;
 - b) Subdivision or consolidation of securities;
 - c) Issuance of securities by way of a rights issue or a bonus issue; and
 - d) Buy-back of securities

VII. IDENTIFICATION OF RELATED PARTIES AND INTERESTED DIRECTOR WITH RESPECT TO TRANSACTIONS:

Every Director will be responsible for providing a declaration in the format as per **Form MBP -1 on an annual basis** as prescribed by Companies Act 2013 which shall broadly cover the details of his/her interest in the entities which may be treated as Related Parties of the company. In case of any change in such interest, it shall be the duty of such director to provide a revised declaration.

Every Director also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately upon him / her becoming aware of such changes.

The KMP`s of the Company shall be duty bound to inform Company Secretary if the transaction proposed with any entity is and entity of his/her interest.

Material Modification

Any material modification to the terms approved by the Audit Committee for the Related Party Transactions will require its prior approval. The following will be considered as material terms in respect of every Related Party Transaction:

- a. Substitution of the name of the Related Party arising due to succession, corporate restructuring, acquisition etc.
- b. Nature of goods or services
- c. Total value of the transaction increase/decrease more than 50% of the originally approved value.

Information to be placed before Audit Committee:

The following information to the best extend possible may be placed before the Audit Committee of the Board of Directors to enable the independent directors who are members of the Audit Committee to consider and decide on the approval in respect of Related Party Transactions:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the company, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company:
 - i) Details of the source of funds in connection with the proposed transaction;
 - ii) Where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and

- tenure;
 - iii) Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the transactions.
- f. Methodology used for determination of arms-length
- g. Justification as to why the Transaction is in the interest of the Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Any other information that may be relevant

The Audit Committee of the Board may also review the status of long-term (more than one year) or recurring related party transactions on an annual basis if found necessary by the Audit Committee or Board. The Audit Committee may seek any further information as it deems fit for considering approval of the transaction.

Factors to be considered by the Audit Committee

While considering any related party transaction, the Committee shall also take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters as the committee may deem fit.

Prior to the approval, the Committee may, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. Whether the transaction could be material or significant by value;
- c. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options available, if any;

- d. Whether the Related Party Transaction includes any potential reputational risks or misuse of corporate assets that may arise as a result of or in connection with the proposed Transaction; and
- e. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the transaction.
- f. While considering the arm's length nature of the transaction, the Committee may take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may also take into consideration subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

Omnibus Approval

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval. The approval will include the following details;:

- a. Name of the related party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Maximum amount of the transactions that can be entered into;
- e. Indicative base price / current contracted price and formula for variation in price, if any;

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transactions in the period of approval.

The omnibus approval will be valid for a period of one financial year and fresh approval shall be obtained after the expiry of one year.

VIII. APPROVAL BY THE BOARD:

If the Committee determines that a Related Party Transaction should be brought before the Board or a Related Party Transaction is not in the Ordinary Course of Business or not at Arms' Length or is a material related party transaction or if the Board in any case selects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and decide the Related Party Transaction at a meeting.

IX. APPROVAL BY SHAREHOLDERS

Except with the prior approval of the Shareholders by a resolution, a company shall not enter into any RPTs as mandated under Section 188 of Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014.

In all cases, where shareholders' approval is necessary for any RPT, the Company Secretary shall ensure that the agenda of the meeting at which the resolution is proposed to be moved shall disclose-

- a. All the information provided by the management of the Company to the Audit Committee;
- b. Any other information that may be relevant.

The Company Secretary shall ensure that the explanatory statement to be annexed to the notice of a general meeting convened for obtaining approval of members in relation to the proposed RPTs shall contain the following particulars:

- a. Summary of the information provided by the management of the Company to the Audit Committee;
- b. Justification for why the proposed transaction is in the interest of the Company;

- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the company, the details placed before the Audit Committee except the information on source of funds and cost of funds.
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

The Board shall be ultimately responsible for seeking approvals from shareholders as per the requirements of applicable laws.

X. DISCLOSURE, RECORDING AND REPORTING OF RELATED PARTY TRANSACTIONS:

- a. Company shall disclose each year in the Audited Financial Statements transactions with Related Parties as prescribed in the applicable Accounting Standard as well as accounting policies governing transactions with Related Parties.
- b. Disclosure in the Board's Report to the shareholders shall be made as prescribed under Companies Act, 2013.

XI. DISSEMINATION OF POLICY:

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.

XII. POLICY REVIEW:

Board will review the overall policy as and when necessary and modify or update the same in accordance with the changes to the threshold limits or as may be required by the amendments to Applicable Laws.

XIII. VERSION HISTORY

Version 1.0

