

Policy on Related Party Transactions (RPT) Maben Nidhi Ltd.

(As Approved by the Board on 24th November 2021)

I. INTRODUCTION:

Maben Nidhi Ltd (“the Company”) 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 members 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 Related Party Transactions (“Policy” or “RPT Policy”) upon the recommendation of the Audit Committee and this Policy includes the materiality threshold and the manner of dealing transactions with Related Parties in compliance with the provisions of Companies Act 2013. Through this policy, the Company endeavours 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 including material 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 in compliance with the applicable laws and regulations as may be amended from time to time.

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;

“Board” means Board of Directors of the Company;

“Key Managerial Personnel” means key managerial personnel as defined in sub-section (51) of section 2 of the 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.

“Related Party” a means related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 and rules prescribed there under.

V. POLICY:

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be presented before the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre –approval / omnibus approval, details whereof are given in a separate section of this Policy.

In exceptional cases, where a prior approval is not taken due to unforeseen circumstances or due to emergent circumstances, the Committee may ratify the transactions in accordance with this Policy, for reasons recorded in writing.

V.1. 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 in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company.

As per and IND AS-24, of the Companies (Indian Accounting Standards) Rules, 2015 following are examples of transactions that are disclosed if they are with a related party:

- (a) Purchases or sales of goods (finished or unfinished);
- (b) Purchases or sales of property and other assets;
- (c) Rendering or receiving of services;
- (d) leases;
- (e) Transfer of research and development;
- (f) Transfer under license agreements;
- (g) Transfer under finance arrangements (including loans and equity contribution in cash or in kind);

- (h) Provision of Guarantees and Collaterals;
- (i) Commitments to do something if a particular event occurs or not occur in the future, including executory contracts (recognized and unrecognized)
- (j) Settlement of liabilities on behalf of the entity or by the entity on behalf of that related party;
- (k) Management contracts including for deputation of employees.

V.2. Identification of Related Party and Interested Director for the Transactions:

Every Director will be responsible for providing a declaration in the prescribed format as per **Form RPT** containing the following information to the Company Secretary on an annual basis:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital as at the end of immediate preceding financial year;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions (other than advice, directions or instructions obtained from a person in professional capacity);
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity); and
7. Body Corporate or any Association of Individuals in which he / she or his / her Relative is a Director or owner or Partner or Promoter or Manager or Chief Executive Officer of Body Corporate or Member of the Association of Individuals.

Every Key Managerial Personnel other than a director will also be required to provide the Names of his / her Relatives in the prescribed format as per **Schedule to Form RPT** on an annual basis

Every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—

- (a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or

(b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall be deemed to be an “Interested director” and such director shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall abstain from participating in such meeting. Interested directors shall not be counted for the purpose of quorum for such item of business. It is therefore essential to ensure that where at any time the number of interested directors exceeds or is equal to two thirds of the total strength of the Committee, the number of directors who are not interested directors and present at the meeting, shall be the quorum during such time.

There may be instances where a director may not be concerned or interested at the time of entering into such contract or arrangement, but he/she may become concerned or interested after the contract or arrangement is entered into and thereby become an “interested director”. In such cases, the director shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

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

Every Director, Key Managerial Personnel, Functional / Business heads will be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Committee / Board may request, for being placed before the Committee and the Board.

The Company Secretary in consultation with the Managing Director and CEO may refer any potential related party transaction to any external expert on legal/transfer pricing and other matters relating to the proposed transaction and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

V.3. Review and Approval of Related Party Transactions:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

V.4. Consideration by the Committee in Approving the Proposed Transactions:

While considering any transaction, the Committee shall 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.

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. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options available, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. 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 size of the transaction, the overall financial interest or benefit to the Director, Key Managerial Personnel or other Related Party concerned, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- e. 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.
- f. The transactions specified from point 1 to 6 of addendum shall be considered after the factors mentioned above is applied to each particular transaction mentioned in the addendum annexed to the policy

For granting omnibus approval, the committee shall specify 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;

- e. Indicative base price / current contracted price, if any;
- f. Justification for the omnibus approval.

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

The Audit Committee shall, review details and take note of all Related Party Transactions for which omnibus approval has been granted by the Audit Committee.

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

V.5. Approval by Circular Resolution of the Committee:

In the event the Company Management determines that it is impractical to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval should be noted by the Committee at its next scheduled meeting and made the part of minutes of such meeting.

V.6. 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 if the Board in any case elects 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 approve the Related Party Transaction at a meeting and the considerations set forth above for the Audit Committee will apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

V.7. Approval by the Shareholder's:

The Board of Directors of the Company shall mandatorily place before the members of the Company, all Material RPTs exceed prescribed limits under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and obtain their approval by ordinary resolution.

V.8. Standing Pre-Approval / Omnibus Approval by the Committee:

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company or approved earlier by the Committee, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.

V.9. Disclosure and Reporting of Related Party Transactions:

- a. Every Related Party Transaction entered into by the Company shall be referred to in the Board's Report to the shareholders along with nature and salient terms of the contract.
- b. 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.
- c. The Company Secretary shall make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

VI. Dissemination of the 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 in accordance with Companies Act 2013.

VII. POLICY REVIEW:

Board shall review the overall policy once in three years 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.

ANNEXURE-01

Addendum to the Related Party Transactions (RPTs)

Background

Board in its meeting held on 24th Nov 2021 reviewed the Related party transactions. Accordingly, as directed by the Board the Management has decided to revisit some of the aspects of the RPTs and provide a guidance for all transactions falling within the RPTs. Accordingly, the following guidance has been put in place.

This addendum forms an integral part of the existing RPT policy and to be read and understood in conjunction with the same.

Objective:

The objective of putting in place this addendum is to reduce the number of RPTs to the extent possible. However, given that MABEN is headquartered in a village and that vendors and counter parties of quality and capability may not be readily available around the area, the Management recognizes that it may be difficult to reduce the number of transactions significantly.

The related party transactions shall be governed by the following principles.

Definitions:

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

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 at such terms thereon.

Omnibus Related Party Transactions: Criteria for granting omnibus approvals:

- Repetitiveness of the transactions (in past and future) during the ordinary course of business.
- Transactions which are at arm's length
- Justification for the need of omnibus approval.
- In the best interest of the company.
- Validity for one year.

Sl. No	Type of transactions	Conditions
1	Transactions that are necessitated by virtue of lack of alternative vendors with appropriate technical credentials, especially as it relates to Valapad:	Such RPTs to be evaluated on a case-by-case basis. Subject to the Board's determination through reasonable means that such RPTs are in the broader interest of the Company and are on arms-length basis, they would be permitted

2	Transactions with Trade associations, Apex Association of Trade Associations, Self-Regulatory Organizations (SROs), Section 25 or Section 8 (not for profit) companies, well reputed charitable institutions where Directors, KMPs may have memberships or hold positions of responsibility: Permitted.	Subject to the condition that such transactions to be in the nature of subscriptions, other voluntary contributions for the benefit of the members of the organisation or the community (subject to the transactions falling under definition of related party as per IND AS 24).
3	Related party Transactions where there is substantial cost saving by contracting with related parties: Board will scrutinize such transactions closely, and may allow them subject to cost savings being material and arms-length test being met	Permitted subject to approval by the Board after close scrutiny of such transactions, and may allow them subject to cost savings being material and arms-length test being met.
4	Related party Transactions with social objectives such as community Health, Education etc	Allowed subject to specific approval by the Audit committee subject to such transactions being non-commercial in nature or relating to CSR projects of the Company
5	Other Related Party Transactions that do not fall within the above categories.	Generally disallowed, unless the Audit committee determines otherwise for reasons that are in the interest of MABEN and its members.
6	Omnibus RPT approval by Audit Committee	Audit Committee shall grant omnibus approval for transactions of repetitive nature and such approval shall be in the interest of the company. Investments and loans and advances to related parties, awarding of contracts for specific projects etc require specific approval by the Audit Committee.

Foot Note

- 1) All other conditions of the policy will continue to apply in all Related party transactions.
- 2) Cost saving need not be critical unless it is material and the same shall be decided by the board

ANNEXURE-02

Form RPT

The Company Secretary Maben Nidhi Limited,
J P Tower, Near High Scholl Junction
Valapad PO, Thrissur-680 567.

Dear Sir,

A. I,, son/daughter/spouse of,resident of.....holding Shares (equity) of Rs. 10/- each as on 31/03/202... in the Company in my name,being a.....in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following private company / companies / firms / associations

Sr. No.	Name of the Private Companies / Firms / Associations	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

B. The following Public Companies in which I am a Director and holds along with my Relatives (Schedule) more than 2% of paid up share capital as on the end of this financial year:

Sr. No.	Name of the Public Companies holding more than 2% of paid up share capital	Shareholding	Date on which Interest or Concern arose/changed

C. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions:

Sr. No.	Name of the Body Corporate

D. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

E. The following are Bodies Corporate or association of individuals in which I am or my Relatives (Schedule) interested as a Director of Body Corporate or Member of Association:

Signature: _____

Name:

Designation:

Place:

Date: