



POLICY ON RELATED PARTY TRANSACTIONS

(Pursuant to section 188 of Companies Act 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)



POLICY ON RELATED PARTY TRANSACTIONS

SCOPE AND PURPOSE OF THE POLICY

Related party transactions (RPT) 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 and Regulation 23 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”). Mangalam Drugs & Organics Limited (“Mangalam” or “the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23 of SEBI (LODR) Regulations 2015 requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, Mangalam has framed this Policy on Related Party Transactions (“**Policy**”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. The Audit Committee may, if thought fit, review and amend the Policy, as and when required, subject to the approval of the Board.

PURPOSE

This amended policy is primarily framed based, on Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, hereinafter referred to as ‘Regulations’ and the provisions of Companies Act, 2013 (the “Act”) including Rules made there under, and are primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

Earlier the policy was based on Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and the Act.

DEFINITIONS

“**Associate**” shall mean any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013.

Associate under sub-section (6) of section 2 of the Companies Act, 2013 are following:

Associate company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause, “significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.



“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company under the provisions of Listing Regulations and the Companies Act, 2013, from time to time.

“Board of Directors” or “Board” means the Board of Directors of Mangalam Drugs & Organics Ltd, as constituted from time to time.

Key Managerial Personnel” (KMP) means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Key Managerial Personnel as per sub-section (51) of section 2 of the Companies Act, 2013.

“key managerial personnel”, in relation to a company, means –

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed;

Key Managerial Personnel as per Indian Accounting Standard (Ind AS) 24

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

“Material Related Party Transaction” – 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 consolidated turnover of the listed entity as per the last audited financial statements of the company.

“Policy” means this Policy on related party transactions (including materiality of related party transactions and dealing with related party transactions).

“Related Party”

As per SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015,“related party” means a related party as defined under section 2 (76) of the Companies Act, 2013 or under the applicable Accounting Standards.