

POLICY ON RELATED PARTY TRANSACTIONS

MANGAL ELECTRICAL INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. REGULATORY FRAMEWORK

Mangal Electrical Industries Limited (“**Company**”) recognizes that Related Party Transactions (*as defined below*) may present potential or actual conflict of interest and may pose questions whether such transactions are in the best interests of the Company and its members or not. This policy regarding the review and approval of Related Party Transactions has been formulated in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), as amended from time to time, to lay down principles that will guide the transactions among related parties. The policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, approval and ratification as permitted. This policy (“**Policy**”) has been framed and adopted in accordance with the Listing Regulations and the applicable provisions of Companies Act, 2013 (“**Act**”) read with rules framed thereunder.

Regulation 23 of Listing Regulations requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors. In view of the above, the Company has framed this Policy on Related Party Transactions.

2. OBJECTIVE OF THIS POLICY

The objective of this Policy is to ensure that the transactions of the Company with its related parties are undertaken on the basis of best practices and in accordance with the provisions of the Regulation 23 of Listing Regulations read with relevant provisions of Act. The Policy also sets out the process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

3. DEFINITIONS

- 3.1.1. “**Act**” shall mean Companies Act, 2013 and the rules made there under, as amended from time to time.
- 3.1.2. “**Arms’ Length Transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 3.1.3. “**Audit Committee**” means Audit Committee of the Company as constituted by Board of Directors of the Company.
- 3.1.4. “**Board of Directors**” or “**Board**” means the Board of Directors of the Company.
- 3.1.5. “**Independent Director**” means a director of the Company, not being a whole-time director or nominee director and who satisfies other criteria for Independence in

accordance with the applicable provisions of the Act and Listing Regulations including Section 149 of the Act and Regulation 16(1) (b) of Listing Regulations.

3.1.6. “Key Managerial Personnel” or “KMP” shall have the same meaning as defined under the Act and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations, 2018.’

3.1.7. “Material Modifications” means any modifications to the Related Party Transactions which were approved by Audit Committee or Board of Directors or Shareholders during the year and in monetary threshold which is in **excess of 10%** of originally approved material related party transaction.

3.1.8. “Material Related Party Transaction” means

(I) the transaction, together with the previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company whichever is lower or such threshold as may be recommended under the SEBI Listing Regulations.

(II) Transactions specified under section 188 of the Companies Act, 2013 which are not in the ordinary course of Business and not at arms length basis and exceeds the threshold mentioned in the Companies (Meeting of Board and its powers) Rules, 2014.

A transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such threshold as may be recommended under the SEBI Listing Regulations.

3.1.9. “Ordinary Course of Business” means the usual transactions, practices and customs undertaken by the Company to conduct its business operations and activities as per the Objects mentioned in the Memorandum of Association and includes all such activities which the Company can undertake as per the Memorandum & Articles of Association.

3.1.10. “Relative” means a relative as defined under the Listing Regulations, as amended from time to time.

3.1.11. “Related Party” means a related party as defined under the Listing Regulations or the Companies Act, 2013, as amended from time to time.

3.1.12. “Related Party Transaction” means a related party transaction as defined under the Listing Regulations or the Companies Act, 2013, as amended from time to time.

3.1.13. “Subsidiary Company” or “Subsidiary” shall have the meaning as defined under the Act.

3.1.14. “SEBI Listing Regulations” and “Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.1.15. “The Policy” means the Policy of Related Party Transactions.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director of the Company and the Key Managerial Personnel is responsible for disclosing (and periodically updating) particulars of his/her interest (including interest of their Relatives) in other Companies, firms or concerns at the time of their appointment, at the beginning of every financial year and any change in such interest during the year. In addition, all the Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

4.1.The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.2.Notice of any potential Related Party Transaction shall be provided well in advance to the Audit Committee so that it has adequate time to review the proposed Transaction.

4.3.The Compliance Officer shall maintain a database of Company’s Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.

5. APPROVAL OF RELATED PARTY TRANSACTIONS

This Policy will operate within the framework of the Regulation 23 of the Listing Regulations read with the Act and Rules thereunder, as amended from time to time.

5.1. Audit Committee Approval

5.1.1. All Related Party Transactions (and subsequent material modifications) shall require prior approval of the Audit Committee and only those members who are Independent Directors shall approve the Related Party Transactions. The audit committee shall define “material modifications” and disclose it in the policy and at the time of dealing with related party transactions. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall refrain himself/herself from discussion and voting on the approval of the Related Party Transaction.

5.1.2. Related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the Subsidiary.

5.1.3. However, the Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- (i) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (ii) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-
 - (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (b) the maximum value per transaction which can be allowed;
 - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
 - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- (iii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: - (a) repetitiveness of the transactions (in past or in future); (b) justification for the need of omnibus approval.
- (iv) The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- (v) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction; (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.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.00 Crore per transaction.
- (vi) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

- (vii) The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- (viii) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

5.1.4. In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee then such transaction shall be ratified by the Audit Committee within three months from the date on which such contract or arrangement was entered into. Further, if the Audit Committee fails to ratify such contract or arrangement within three months then such transactions shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it:

5.1.5. No approval of the Audit Committee is required for related party transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. Further, the approval by the Board of Directors of Holding Company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary and the holding company.

5.1.6. No approval of the Audit Committee is required for related party transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5.2. Board And Shareholders Approval

5.2.1. Related party transactions including transactions entered into in the ordinary course of business not at arm's length price shall require prior approval of the Board of Directors of the Company.

5.2.2. If any director is interested in any Related Party Transaction, such director will not remain present at the meeting when such Related Party Transaction is considered.

5.2.3. Where the Audit Committee does not approve related party transactions, it shall make recommendations in this regard to the Board of Directors of the Company.

5.2.4. All material related party transactions and subsequent material modifications as defined by the audit committee under clause 3.1.7 including transactions entered into in the ordinary course of business not at arm's length price, shall require prior approval of the shareholders through resolution.

5.2.5. No shareholder of the Company, who is a related party, shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

However, such related party may participate in the meeting if ninety per cent. or more members, in number, are relatives of promoters or are related parties

- 5.2.6.** 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 shareholders then such transaction shall be 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. Further, if the Board or, as the case may be, shareholders fails to ratify such contract or arrangement within three months then such transactions 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.
- 5.2.7.** Subject to Clause 5.2.3, it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of Clause 4.1 & 4.2 for recovery of any loss sustained by it as a result of such contract or arrangement.
- 5.2.8.** For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.
- 5.2.9.** The requirements specified above shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- 5.2.10.** No approval of the Shareholders of the Company is required for related party transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. Further, the approval by the Board of Directors of Holding Company shall be sufficient for the purpose of entering into the transaction between the wholly owned subsidiary and the holding company.
- 5.2.11.** No approval of the Shareholders of the Company is required for related party transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

6. DISCLOSURES

- 6.1.** The policy shall be uploaded on the website of the Company i.e. www.mangals.com and a web link of the same shall be provided in the Annual Report.
- 6.2.** The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Securities and Exchange Board of India.
- 6.3.** The Company shall make such disclosures of this policy and/or related party transactions as per the provisions of Listing Regulations and the Act.

7. AMENDMENT

7.1 Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by Securities and Exchange Board of India/Stock Exchanges or any other authorities, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s). Such amendments shall be brought to the attention of the Board of Directors.

Version : 01

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Effective Date : December 11 '2024
