

Mihika Industries Limited

Policy on dealing with Related Party Transactions

1. Introduction

The Board of Directors (the "Board") of Mihika Industries Limited (the "Company") has adopted the following policy ("Policy") on materiality of Related Party Transactions and dealing with Related Party Transactions. The policy is in line with requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Companies Act, 2013 ("the Act").

2. Definitions

"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.

"Audit Committee" means the Audit Committee of the Company constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of the Listing Regulations.

"Policy" means the Company's Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

"Related Party" with reference to the Company means a person or entity which is a Related Party under Section 2(76) of the Act read with Rules thereto and clause (zb) of Regulation 2 of the Listing Regulations or under the applicable accounting standards.

"Related Party Transaction" or "(RPT)" means transactions as given under clause (a) to (g) of section 188(1) of the Act and / or as defined in Regulation 2(1)(zc) of Listing Regulations.

"Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

"The Act" means The Companies Act, 2013.

Any term not defined herein shall have the same meaning as assigned thereto in the Companies Act, 2013, Listing Regulations or any other applicable law or regulation.

3. Objective of the policy

The objective of this policy is to regulate transactions considered as RPT of the company and its related parties, Listing Regulations and any other laws and regulations as may be applicable to the Company.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of RPTs in the best interest of the Company and its shareholders.

4. Identification of Related Parties

In addition to any other declaration/ disclosure which may be required to be made under the Act and the rules made thereunder, and the Listing Regulations, every director and manager / key managerial personnel shall provide a written declaration to the Company

Secretary or any other officer of the Company authorized by the Board, containing the following information-

- i. List of Relatives of director or key managerial personnel
- ii. List of firms in which director, manager or his/her relative is a partner.
- iii. List of private companies in which director or manager or his/her relative is a member or director.
- iv. List of public companies in which director or manager is a director and holds either individually or along with his/her relatives more than 2% of the paid-up share capital;
- v. List of bodies corporate whose Board of Directors, Managing Director, or Manager is accustomed to act in accordance with the directions, instructions or advice (other than directions, instructions or advice given in a professional capacity) of the director or manager.
- vi. List of persons on whose directions, instructions, a director or manager is accustomed to act (other than directions, instructions, or advice received in professional capacity).

The Director and the Key Managerial Personnel shall immediately intimate the Company Secretary or any other officer authorized by the Company, regarding any changes in the aforesaid declaration.

Every Director, Key Managerial Personnel of the Company shall give a prior notice to the Company regarding a potential Related Party Transaction with the Company which may, directly or indirectly, involve either him/her or his/her relative, along with all relevant details and documents.

Ind-AS 24: Related Party Disclosures

The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

Scope of the standard -

This Standard shall be applied in:

- (a) Identifying related party relationships and transactions;
- (b) Identifying outstanding balances, including commitments, between an entity and its related parties;
- (c) Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- (d) Determining the disclosures to be made about those items.

5. Policy

All RPTs should be referred to the Audit Committee of the Company for approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent modification of RPTs including any material modification. Onus will be on the Business Head and the Finance Head of each division and / or Company to refer RPT or potential RPTs to the audit committee.

The Audit Committee shall consider the following while approving an RPT –

- Nature of relationship with related party;
- Nature, material terms, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

Members of the Audit Committee, who are directly or indirectly interested in any RPT shall not participate in any meeting held for the approval of that RPT.

The Audit Committee may seek professional assistance of an independent valuer or a Chartered Accountant or a Cost Accountant or a legal counsel or any other professionally qualified person in order to determine whether or not a particular Related Party Transaction is an Arm's Length Transaction and in the ordinary course of business.

Any changes in the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee and the Board. The Audit Committee / Board will give suitable directions / guidelines to implement the same.

As per section 188(2) of the Companies Act, 2013, every contract or arrangement entered into under sub-section (1) shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

6. Approval Process

All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the conditions laid out in Rule 6A of Companies (Meeting of Board and its Power) Second Amendment Rules, 2015.

The Company shall provide the following information to Audit Committee for approval of RPTs including any subsequent material modifications of RPTs:

- a. Type, nature, 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 or its subsidiary company (if any):
 - details of the source of funds in connection with the proposed transaction;
 - 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;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

- the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- f. Justification as to why the RPT is in the interest of the Company;
- g. A copy of the valuation or other external party report, if any such report has been relied upon
- h. Any other relevant information or such information as may be prescribed under Listing Regulations.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

7. Transaction in ordinary course of business and on arm's length basis

The Audit Committee will have the discretion to recommend / refer any matter relating to the RPTs to the Board for the approval. The Audit Committee or the Board shall, in respect of the RPT referred to them for approval, after considering the materials placed before them, judge if the transaction is in the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is in the ordinary course of business or at arm's length basis.

In the event any RPT is not in the ordinary course of business or at arm's length, the Audit Committee may refer the same to the Board for its consideration / approval. If any member of the Board is directly or indirectly interested in an RPT, he/she shall not participate in any meeting wherein such RPT is placed before the Board for approval.

8. Shareholders' Approval

Prior approval of the Shareholders would be taken in respect of following RPTs:

- i. Where the RPT is not in the ordinary course of business and / or not on an Arms' Length basis and the same exceeds the threshold mentioned in section 188 of the Act read with the Rules laid down thereunder; or
- ii. Where RPT during a financial year with one party exceeds Rs. 1000 crores.
- iii. Where there is material modification in the existing Material RPT.

No related party shall vote to approve such resolutions irrespective of whether the entity is a related party to the particular transaction or not.

9. Disclosures

Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual / Board's Report and to the Stock Exchanges. The Compliance Officer of the Company shall be responsible for ensuring that the required disclosures relating to RPTs are duly made.

10. Amendments to the Policy

The Board on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to

revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.