MANIKARAN POWER LIMITED

RELATED PARTY TRANSACTION POLICY

PREFACE:

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RELATED PARTY TRANSACTION POLICY

INTRODUCTION

Manikaran Power Limited (“MPL"/“the Company”) has always been committed to good corporate governance practices. The Company recognizes that certain relationships can present potential or actual conflict of interest and may raise questions whether transactions associated with such relationships are consistent with Company’s and its stakeholders’ best interest.

The Board of Directors (the "Board") of MPL has adopted the policy and procedures with regard to Related Party Transactions as defined below. The Board of Directors shall review and amend this policy from time to time as may be required.

The Company ensures that the Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

This policy is aimed at to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also provides for materiality of Related Party Transactions. No Related Party Transaction may be entered into by the Company or any of its subsidiaries or associates, except in accordance with the provisions of this policy.

PURPOSE

This policy is framed based on the provisions of Section 188 of the Companies Act, 2013 and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its Shareholders. The Company is required to disclose each year in the Financial Statements transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

DEFINITIONS

“Act”means the Companies Act, 2013 and the Rules framed there under, including any amendments, modification, clarifications, circulars or re-enactment thereof.

“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.

“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 companyhaving such influence and includes a joint venture company.

Explanation.—For the purpose of this clause,—

a. the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;

b. the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

"Audit Committee or Committee"constituted by the Board of Directors within the meaning of Section 177 of the Companies Act, 2013.

"Board of Directors" or **"Board"** shall mean the Board of Directors of MPL as constituted from time to time.

"Key Management Personnel" shall mean Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules framed thereunder.

"Policy" means Related Party Transaction Policy.

"Related Party" shall mean any person or entity related to the Company as defined under Section 2(76) of the Companies Act’ 2013 or under applicable Accounting Standards. Provided that any persons or entity belonging to the promoter or promoter group and holding 20% or more of shareholding in the company shall be deemed to be arelated party.

"Related Party Transaction" shall mean any transfer of resources, services or obligations between the company and a related party, regardless of whether any price is charged or not. ‘Transaction’ with related party shall be construed to include single transaction or a group of transactions in a contract.

"Material Related Party Transaction" shall mean related party transaction/transactions entered individually or taken together with previous transactions during any financial year,

which exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company with regards to that financial year.

"Subsidiary Company" in relation to any other company (that is to say the holding company), means a company in which the holding company—

(i) controls the composition of the Board of Directors; or

*(ii)*exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation —For the purposes of this clause,—

a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (*i*) or sub-clause (*ii*) is of another subsidiary company of the holding company;

b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

c) the expression "company" includes any body corporate;

d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

POLICY

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this policy. However the Audit Committee may grant omnibus approval for Related Party Transactions upto INR 1 crore proposed to be entered into by the Company.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION

All the Companies in MPL Group will be considered as Related Parties.

Each Director and Key Management Personnel will be responsible for providing Notice tothe board of any potential Related Party Transaction involving him or his relative, including any additional information about the transaction that the Board/Audit Committee may request, to be placed before the Audit Committee and the Board. The Board shall record the disclosure of interest and the Audit Committee will determine whether the proposed transactions would, in fact, constitute a Related Party Transaction requiring compliance of the policy.

The Company shall prefer to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee gets adequate time to obtain and review information about the proposed transaction.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether in a meeting or by means of resolutions passed in circulation. Any member of the Committee who has a potential interest in the Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

All "Material Related Party Transactions" shall require prior approval of the shareholders by means of resolutions and the Related Parties shall abstain from voting on such resolutions.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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. The information provided shall specifically cover the following:

a. The name of the related party and nature of relationship;
b. The nature, duration of the contract and particulars of the contract or arrangement;
c. The material terms of the contract or arrangement including the value, if any;
d. Any advance paid or received for the contract or arrangement, if any;

e. The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
f. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
g. The persons / authority approving the transaction; and
h. Any other information relevant or important for the Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

a. Whether the terms of the Related Party Transaction is fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
b. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
c. Whether the Related Party Transaction would affect the independence of the directors / KMP;
d. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
e. Where the ratification of the Related Party transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
f. Whether the Related Party transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, 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 Board/Committee deems relevant.

The Audit Committee may grant **omnibus approval** for Related Party Transactions proposed to be entered by the Company subject to the following conditions:-

i. The Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

ii. The Committee should satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

iii. Such omnibus approval shall specify:

a. Name(s) of the Related Party

b. Nature of transaction

c. Period of transaction

d. Maximum amount of transaction that can be entered into

e. The indicative base price / current contracted price and formula for variation in price, if any

f. Other conditions which the Committee deems fit.

iv. Where the need for Related Party Transaction cannot be foreseen and the details as per above points are not available, the Committee can give omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

v. The Committee will review on a quarterly basis, the details of all related party transactions entered into by the Company pursuant to each of the omnibus approval given.

vi. Such omnibus approvals shall be valid for a period of not exceeding one year and shall require fresh approvals after expiry of one year. The Committee will consider and review the omnibus approvals at the last committee meeting of every financial year.

BOARD APPROVAL

If the Committee determines that a Related Party Transaction should be brought before the Board, 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 and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be

necessary or appropriate under the circumstances.

SHAREHOLDERS APPROVAL

All the Transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and at Arm's Length Basis shall also require the approval of the Board / Shareholders through Ordinary Resolution as per the requirements of the Companies Act 2013 and such Related Parties shall abstain from voting on such resolution as per the provisions of the applicable law.

DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND ON ARM'S LENGTH BASIS

The Audit Committee or the Board shall in respect of any Related Party Transaction referred to them for approval shall judge whether the transaction will be entered in the ordinary course of business or at arm's length basis after considering the materials placed before them. In case Audit Committee can't arrive at a decision it will be referred to Board whose decision will be final in this regard.

MATERIAL RELATED PARTY TRANSACTION

The Audit Committee shall review all transactions with Related Parties and refer to the Board all Material Related Party Transactions for approval of the shareholders. Any related party transaction which individually or taken together with the previous transactions during the financial year exceeds ten percent of the annual consolidated as material and shall be referred to the shareholder for approval.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved under this policy the matter shall be reviewed by the Committee. The Committee shall evaluate options available to the Company including ratification, revision or termination of the transaction and shall take any action as the Committee may deem appropriate.The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

TRANSACTION NOT COVERED UNDER THE POLICY

All the Related Party transactions which are not covered by the provisions of the Companies Act, 2013 and / or other applicable laws will not be governed by this Policy.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction entered into by the Company shall be referred to in the Board's Report to the shareholders along with the justification for entering into such Related Party Transaction. The Company Secretary and the Chief Financial Officer shall be responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

REVIEW AND AMENDMENT

Any subsequent amendment/modification in the Companies Act, 2013 and/or other applicable laws in this regard shall automatically apply to this policy. The Board of Directors shall review the policy once in every three years and update it accordingly.

The Board of Directors shall have the full authority to modify or waive any procedural requirements of this Policy subject to the guidelines issued by regulatory bodies from time to time.

SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

COMMUNICATION

This policy will be communicated to all operation heads and other concerned persons of the Company and shall be placed on the website of the Company and a web link will be provided in the Annual Report of the Company.