

**POLICY ON
RELATED PARTY TRANSACTIONS**

MKVENTURES CAPITAL LIMITED
(formerly “Ikab Securities And Investment Limited”)

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POLICY ON RELATED PARTY TRANSACTIONS**

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1. Introduction

MKVENTURES CAPITAL LIMITED (the “Company”) recognizes that certain relationships can present potential and actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with the Company’s and stakeholders’ best interests.

The Company must specifically ensure that certain related party transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, Board of Directors (the “Board”) of MKVENTURES CAPITAL LIMITED (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee shall review and may amend this policy from time to time.

2. Applicability & Effective Date

This policy shall be applicable to the Company with effect from the date of its approval in the meeting of Board of Directors of the Company to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

3. Purpose

This policy is framed as per requirement of Regulation 23(1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also to comply with the provisions of the Companies Act, 2013 read with Rules made there under and intended to ensure the proper approval 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 certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

4. Definitions

- i. “**Act**” means the Companies Act,2013 and Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- ii. “**Policy**” means Related party transaction Policy.
- iii. “**Audit Committee**” means a Committee constituted by the Board of Directors of the Company in accordance with the relevant clauses of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, as may be amended from time to time.

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- iv. **“Board”** means the Board of Directors of the Company.
- v. **“Company”** means Mkvventures Capital Limited.
- vi. **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes :
 - (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time director;
 - (ii) Company Secretary; and
 - (iii) Chief Financial Officer
- vii. **“Related Party”**
The term “Related Party” means an entity which is a related party as per Section 2(76) of the Companies Act, 2013 or such entity(ies) which is a related party as provided under the applicable accounting standards or such other person as is a related party as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be amended from time to time.
- viii. **“Related party transaction”**
Related party transaction means a transaction involving a transfer of resources, services or obligations between:
 - (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
 - (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract: Provided that the following shall not be a related party transaction:
 - (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (i) payment of dividend;
 - (ii) subdivision or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.

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Provided that, a related party transaction shall deem to include any material modification to such related party transaction which is required to be considered by the Audit Committee of the Board of Directors under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

- ix. **“Material Modification”** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

Provided that change in the value of RPT on account of following shall not be considered as Material Modification:

- (i) Change in the existing RPT due to the reasons beyond the control of the Related Parties.
- (ii) Change due to revision / imposition of statutory levies like taxes, duties etc.

5. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

6. Identification of potential related party transactions

Each director and Key Managerial Personnel is responsible for providing Notice to the Board of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

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

7. Review and Approval of Related Party Transactions

The proposed Related Party Transactions shall be referred to the next regularly scheduled meeting of Audit Committee for review and approval. All related party transactions and subsequent material modifications shall require prior approval of Audit Committee of the Company. Only those members of the audit committee, who are independent directors, shall approve related party transactions. Related party transactions in which subsidiaries are involved shall be dealt with in the manner specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To review a Related Party Transaction, the Committee shall 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

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and to the Related Party, and any other relevant matters. The information provided shall specifically cover the following:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any or any material modifications to existing contracts/agreements;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. 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; and
- vii. 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 shall consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- ✓ Whether the terms of the Related Party Transaction are 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;
- ✓ 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;
- ✓ Whether the Related Party Transaction would affect the independence of the directors/key managerial personnel;
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ Whether 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
- ✓ 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.

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.

8. Approval of the Board and the shareholders

The Audit Committee shall report all “Material Related-Party Transactions” to the Board of Directors. Subsequent to Board approval, the Company shall also seek shareholders’ prior approval for “Material Related-Party Transactions” and subsequent “material modifications”. The resolution shall be an ordinary resolution and no related party shall vote to approve on such resolution whether the entity is a related party or not.

In case of transactions which are not in ordinary course of business or not at arm’s length, Board approval will be required. In case these are material transactions or material modifications, prior approval of shareholders by a resolution will be required as per the requirements of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and no related party shall vote to approve on such resolution whether the entity is a related party or not.

The explanatory statement to be annexed to the notice of a general meeting, where an ordinary resolution is to be passed for approving a related party transaction shall contain the following particulars, namely:—

- (a) name of the related party ;
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contractor arrangement;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.

9. Transactions considered under ordinary course of business and on arm’s length basis The phrase “ordinary course of business” is not defined under the Companies Act 2013 or rules made there under. The ordinary course of business shall cover the usual transactions, customs and practices of the company. A variety of factors such as size and volume of transactions, arm’s length, frequency, purpose of the transaction, etc shall be considered for making an assessment as to whether a transaction is in the ordinary course of business or not.

The explanation to Section 188 of the Act states that the expression “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. However it would be pertinent to note that methodologies and approaches for determining the “Arm’s Length Transactions” have not been prescribed in the Act. In the absence of any information/methodology/approach for determining the “Arm’s Length Transaction” in the Act, such methodologies/approaches existing under “Indian Transfer Pricing Guidelines” contained in the Income Tax Act, 1961 shall be adopted.

Nothing contained in Section 188 (1) of the Act shall apply to any transactions entered into by the company in its ordinary course of business and arm’s length basis.

However, Section 92F (ii) of Income Tax Act, 1961 defines the "arm's length price" as a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

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Arm's length basis means the transactions should be independent and is being done on same terms and conditions as if done with some unrelated party. The concept of arm's length transaction ensures that both parties in the transaction are acting in their own self interest and are not subject to any pressure or compulsion from other party. Therefore, the Audit Committee or the Board (if Audit Committee is unable to ascertain) shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, judge if the transaction is at ordinary course of action or at arm's length basis and shall accord their approval accordingly.

10. Material Related Party Transactions

Material Related Party Transactions will be determined as per the following rules:

Sl. No.	Category of Transactions	Material Related Party Transactions- Companies Act, 2013	Material Related Party Transactions- SEBI
1.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	<i>Amounting to 10% or more[#] of turnover of the Company</i>	If the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 1000 crores or 10% of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower
2.	Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent	<i>Amounting to 10% or more[#] of net worth of the Company</i>	
3.	Leasing of property of any kind;	<i>Amounting to 10% or more of turnover[#] of Company</i>	
4.	Availing or rendering of any services directly or through appointment of agent ;	<i>Amounting to 10% or more[#] of turnover of Company</i>	
5.	Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs 2.5 lakh	
6.	Remuneration for Underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding 1% of net worth	
7.	Payments made to a related party with respect to brand usage or royalty*	If the transactions to be entered into individually or taken together with previous transactions during a financial year exceed 5% of the annual consolidated turnover as per the last audited financial statements.*	

[#] The limits specified in Sl. No.'s 1 to 4 shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

11. Omnibus Approval from Audit Committee

All related party transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered by the Company subject to the following conditions:-

- 1) The 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.
- 2) The Committee should satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- 3) Such omnibus approval shall specify:
 - a) Name/s of the Related Party
 - b) Nature of transaction
 - c) Period of transaction
 - d) Maximum amount of transactions 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.
- 4) Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Committee can give omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction. The Committee will review at least on a quarterly basis, the details of all related party transactions entered into by the Company pursuant to each of the omnibus approval given.
- 5) Such omnibus approvals shall be valid for a period of not exceeding one year and shall require fresh approvals after expiry of one year.

12. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. 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 shall take any such action, it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

13. General Principles

- It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders including abuse in related party transactions.
- The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- The Audit Committee shall have the following powers with respect to related party transactions:
 1. To seek information from any employee
 2. To obtain outside legal or other professional advice.
 3. To secure attendance of outsiders with relevant expertise, if it considers necessary.
 4. To investigate any related party transaction.
- The Company while entering into this transaction shall ensure that such related party transaction is in the best interest of the Company and adheres to this Policy.

14. Disclosure

- (i) Every contract/arrangement which is required to be approved by the Board /Shareholders under this policy will be reported in the Board's Report to the shareholders along with appropriate justifications regarding the same as required under Companies Act, 2013 and the Listing Regulation.
- (ii) Details of transactions with related parties will be submitted in the format specified in relevant accounting standards, under prescribed timelines in compliance with the Listing Regulations and the same shall be published on the Company's website as required.

15. Policy Review

This Policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

16. Policy Severable

This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.
