

Last Amendment Date	Effective Date	Approved By
-	17 May 2019	Board of Directors
17 May 2019	17 May 2022	Board of Directors
17 May 2022	23 January 2025	Board of Directors

MPS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. PURPOSE OF THE POLICY:

MPS Limited (“Company”) is governed, amongst others, by the provisions of the Companies Act, 2013 and the rules framed thereunder, as amended (“Act”), and regulations framed by the Securities and Exchange Board of India (“SEBI”). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) has mandated every listed company to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“Policy”).

Accordingly, the Company has formulated this Policy in compliance with the provisions of Section 188 of the Act and Regulation 23(1) of the Listing Regulations. Further, Regulation 23(2) of the Listing Regulations requires the Audit Committee to define material modification and disclose it as a part of the policy.

The Board of Directors of the Company (“Board”) on the recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the policy once in three years and may amend the same from time to time.

The Company had implemented the Company’s Policy on Related Party Transactions in accordance with the requirements of Section 188 of the Companies Act, 2013 (“the Act”) and Rules framed thereunder and Regulation 23 of Listing Regulations.

2. DEFINITIONS AND APPLICABILITY:

“Act” means Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, Circulars or re-enactments thereof.

“Arm’s Length Price” means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

“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 Committee of Board of Directors of the Company, constituted under Section 177 of the Act and of Listing Regulation 18 of Listing Regulations.

“Board” means the Board of Directors of the Company;

“Listing Regulations” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any subsequent amendments thereof.

“Material Related Party Transaction” means a transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crores or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company, whichever is lower.

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 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material modification” means any subsequent change to an existing RPT, having a variance of 20% of the existing limit or INR 5 crores whichever is lower.

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

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Act read with Regulation 2(1) (zb) of Listing Regulations, which are as follows:

- (i) a Director or his relative;
- (ii) a Key Managerial Personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager and holds is a director or holds along with his relatives, more than two percent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; [Except advice, directions or instructions given in a professional capacity];
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act; [Except advice, directions or instructions given in a professional capacity];
- (viii) any company which is a holding, subsidiary, or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary or an investing company or the venture of the Company. The investing Company or the venture of a company means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate.
- (ix) Any person or entity forming a part of the promoter or promoter group of the Company;
- (x) Any person or any entity, holding ten percent or more equity shares in the Company either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year shall be deemed to be a related party; and
- (xi) such other person as may be prescribed by the Act and Listing Regulations.

“Related Party Transaction” means any contract or arrangement with a Related Party with respect to:-

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for the purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the Company, its subsidiary company, or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the Company.

Related Party Transaction shall also include a transaction involving the transfer of resources, services or obligations between:

- (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- (ii) the Company 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 Company or any of its subsidiaries;

regardless of whether a price is charged or not.

A "transaction" with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

Further, this may include any other transaction as may be specified from time to time.

“Relatives” means relative as defined under sub-section (77) of Section 2 of the Act, if-

- a) they are members of a Hindu undivided family;
- b) they are husband and wife;
- c) Father (including step-father);
- d) Mother (including step-mother);
- e) Son (including step-son);
- f) Son's wife
- g) Daughter
- h) Daughter's husband
- i) Brother (including step-brother);
- j) Sister (including step-sister);

3. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

A. AUDIT COMMITTEE

- All the transactions which are identified as Related Party Transactions and subsequent material modifications thereof shall be approved by the Audit Committee in the manner specified under the Listing Regulations. Only those members of the audit committee, who are independent directors, shall approve related party transactions. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

- Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself/herself and abstain from discussion and voting on the approval of the Related Party transaction.
- A Related Party Transaction which is:
 - i. not in the ordinary course of business, or
 - ii. not at arm's length price,would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
- All related party transactions (excluding the exempted transactions) and subsequent material modifications thereof shall require prior approval of the Audit Committee of the Company.
- Notwithstanding the above, 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 percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.
- All related party transactions (excluding the exempted transactions) and subsequent material modifications 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 of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of such subsidiary.
- The Members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:
 - The value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - The transaction is not material;
 - The rationale for the inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
 - The details of ratification shall be disclosed along with the disclosures of related party transactions to the Stock Exchanges and publish the same on the website of the Company;
 - Any other condition as specified by the audit committee:

Provided further that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

- The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity or its subsidiary subject to the following conditions, namely:-
 - the audit committee shall lay down the criteria for granting the omnibus

approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions that are repetitive in nature;

- the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- the omnibus approval shall specify:
 - the name(s) of the related party, nature of the transaction, period of transaction, the maximum amount of transactions that shall be entered into,
 - the indicative base price / current contracted price and the formula for variation in the price if any; and
 - 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, the audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- The audit committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the Company or its subsidiary, pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has the authority to modify or waive any procedural requirements of this Policy.
 - Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- The approval of the Audit Committee shall suffice, where the Company is not a party, but the Company's subsidiary is a party.

B. BOARD OF DIRECTORS

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

C. SHAREHOLDERS

All the material Related Party Transactions and subsequent material modifications as defined by the Audit Committee shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at or not at arm's length price and exceed the thresholds prescribed under Section 188 of the Act, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution with whom the transaction is to be entered into shall abstain from voting on such resolution.

4. EXEMPTED RELATED PARTY TRANSACTIONS

The following transactions shall not require approval of the Audit Committee or Board or Shareholders:

- a. Any transaction that involves the providing of reimbursements or advances to a director or Key Managerial Personnel ("KMP") to meet expenditure in the course of his or her duties as such Director or KMP of the Company or any of its subsidiaries or associates;
- b. Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of Regulation 23;
- c. any transaction in which the interest of the Related Party arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;
- d. 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, as may be prescribed by Act or Listing Regulations from time to time;
- e. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
- f. 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;
- g. the following corporate actions by the Company 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;
- h. acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s);
- i. acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time;

- j. retail purchases from any Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors; and
- k. Any other transaction which may be prescribed by Act or Listing Regulations from time to time.

5. DISCLOSURE AND REPORTING REQUIREMENTS

Regulatory Disclosures

- The Company shall submit to the stock exchange disclosures of related party transactions in the format as specified by the Board from time to time every six months on the date of publication of its standalone and consolidated financial results and publish the same on its website.

Statutory Disclosures

- The Particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act including certain arm's length transactions under the fourth proviso thereto entered with Related Parties shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- The disclosures should be made in Form AOC-2 as prescribed under the Act and shall be annexed to the Board's Report. The aforesaid disclosure shall be made in case if contracts or arrangements or transactions entered by the Company with its related parties, in terms of Section 188(1) of the Act, were not at arm's length basis or such transactions were material and at arm's length. The Company shall also disclose the materially significant related party transactions that may have potential conflict with the interests of the Company at large.

All Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including the interest of their Relatives) in other companies, firms, or concerns at the beginning of every financial year and any change in such interest during the year, immediately on occurrence. Further, Directors and KMPs should disclose to the Board whether they, directly, indirectly, or on behalf of third parties, have material interest in any transaction or matter directly affecting the Company. Such disclosures shall be made in the format annexed as Schedule I.

In addition, all Directors and KMPs are responsible for giving notice to the Company Secretary of any potential Related Party Transaction involving them or their Relatives.

6. AMENDMENTS

A. Amendments to the Policy:

The Policy may be amended by the Board from time to time if and when considered necessary, provided that no such amendments shall be valid or effective which are contrary to or inconsistent with Listing Regulations.

B. Amendment in Law:

Any subsequent amendment/ modification in the Listing Regulations and/ or applicable laws in this regard shall automatically apply to this policy.

7. BOARD APPROVAL

This revised Policy on Related Party Transaction has been approved by the Board of Directors of the Company in their meeting on 23 January 2025. This shall come into force w.e.f. 23 January 2025.

SCHEDULE - I

Name of Person:

The details of my relatives are as under:

Sl. No.	Name of Relative	Relationship	Occupation	PAN/ Other Identifications	Entities in which the relative is a self proprietor/ partner of a Firm or Member/ Director of a Pvt. Company	Entities in which the Director together with his relative(s) holds more than 2% of the paid-up share capital of a public limited company of which the director is also a director
		Wife/ Husband				
		Father (including step father)				
		Mother (including step mother)				
		Son(s) (including step son)				
		Son's Wife				
		Daughter(s)				
		Daughter's husband				
		Members of HUF of which 1 am a member (Other than those mentioned above)				