

# MPDL LIMITED

## **Related Party Transaction Policy**

(Effective from May 30, 2024)

(Reviewed on May 10, 2019 and February 10, 2022)

### **RELATED PARTY TRANSACTION POLICY**

#### **1. Preamble**

The Board of Directors (the “Board”) of MPDL Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time and recommend the changes to the Board so that the Board may review the same at least once in every three years.

This policy will be applicable to the Company. This policy is to regulate the related party transactions based on the applicable laws and regulations applicable on the Company.

#### **2. Purpose**

This policy is framed as per requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and intended to ensure the proper approval and reporting of related party transactions. 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.

#### **3. Definitions**

**“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of the Listing Regulations and Companies Act, 2013.

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

**“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

**“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

**“Material Related Party Transaction”** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees 1000 crore or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company whichever is lower. However, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered as material related party transaction 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 or Rs. 25 Cr., whichever is less.

**“Material Modification to Related Party Transaction”** means the following:

- (i) In case the modification is resulting into a change of more than 25% in the amount of the transaction originally approved;

**“Policy”** means Related Party Transaction Policy.

**“Related Party”** means related party as defined in the Listing Regulations which is as follows:

An entity shall be considered as related party if:

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable accounting standards."

Provided that following shall also be deemed to be a related party:

- (a) any person or entity forming a part of the promoter or promoter group; or
- (b) any person or entity, holding equity shares :
  - (i) of twenty percent or more; or
  - (ii) of ten percent or more, w.e.f. April 01, 2023

in the company either directly or indirectly on beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.

**“Related Party Transaction”** means any transaction involving a transfer of resources, services or obligations, regardless of whether a price is charged, 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, w.e.f. April 01, 2023.

Explanation: A "transaction" with a Related Party shall be construed to include 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 SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) Following corporate actions by the Company which are uniformly applicable / offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. sub-division or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or bonus issue; and
  - iv. buy back of securities.

#### **4. Policy**

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

##### **4.1 Identification of Potential Related Party Transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will 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/Board has adequate time to obtain and review information about the proposed transaction.

##### **4.2 Prohibitions related to Related Party Transactions**

All Related Party Transactions and subsequent Material Modifications to same shall require prior approval of the Audit Committee except such transactions which are exempt from such approval requirement. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

1. The Audit 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.
2. The Audit Committee shall 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 the following:

- a. Type, material terms and particulars of the proposed transaction;
  - b. Name of the related party and its relationship with the Company or its subsidiary, 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. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
  - f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
    - i. details of the source of funds in connection with the proposed transaction;
    - ii. 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;
    - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
    - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
  - g. Justification as to why the RPT is in the interest of the Company;
  - h. A copy of the valuation or other external party report, if any such report has been relied upon;
  - i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
  - j. Any other information that may be relevant
4. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis 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, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Further, all Material Related Party Transactions and subsequent Material Modifications to same shall require prior approval of the shareholders through ordinary resolution and all entities falling under the definition of Related Parties shall not vote to approve on such resolution whether the entity is a party to the particular transaction or not.

### 4.3 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

Further, only those members of the audit committee, who are independent directors, shall approve the related party transactions.

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. 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:

- ✓ Whether the terms of the Related Party Transaction are fair and on arms 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 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 an independent director;
- ✓ 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 Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and 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 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.

Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.

The following Related Party Transactions shall not require prior approval of Audit Committee:

- i. Transactions to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year is not more than 10% of the **annual consolidated turnover** of the **Company** as per the last audited financial statements;
- ii. W.e.f April 01, 2023, Transactions to which the subsidiary of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year is not more than 10% of the **annual standalone turnover** of **such subsidiary company** as per its last audited financial statements; and
- iii. Transactions to which the listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such listed subsidiary.

Notwithstanding the foregoing, the following Related Party Transactions shall not require prior approval of Audit Committee or Shareholders, as may be applicable:

- i. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- ii. Transactions entered into between two wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- iii. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- iv. Any transaction in which the Related Party's interest 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.
- v. Any transaction involving fees payable to the directors for attending the meetings of the Board or Committee of the Company within the limits prescribed under the Act and as already approved by the Board from time to time as per the applicable laws and other expenses connected to the same.

## **5. 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 consummated 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.

This Policy will be communicated to all operational employees and other concerned persons of the Company.