



## MPS Limited

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### MPS LIMITED

#### POLICY ON RELATED PARTY TRANSACTION

The Company had initially introduced and 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 Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges ("Listing Agreement"). Thereafter, pursuant to introduction of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and amendments in the Act the Company has revised its Policy on Related Party Transactions to align it with the provisions of the Listing Regulations and the Act.

This revised and amended Policy has been adopted by the Board of Directors of the Company at its meeting held on 17<sup>th</sup> May, 2019. This Policy shall be effective immediately.

This Policy will supersede the Company's old Related Party Transaction Policy which was adopted by the Board of Directors at its meeting held on January 29, 2015.

#### Objective of the Policy

The Board of Directors of the Company ("the Board"), on the recommendation of the Audit Committee, has adopted this Policy and associated procedures for regulating related party transactions, in line with the requirements of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. This policy specifically deals with the review and approval mechanism of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transactions.

#### Definitions and Applicability

"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.

"Audit Committee" means the Committee of Board of Directors of the Company, constituted under provisions of Listing Regulations and the Act;

"Board" means the Board of Directors of the Company;

"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, exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company;

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

"Ordinary Course of Business" means the transactions shall be in the ordinary course of business if - (a) If the transaction is covered in the main objects or objects in furtherance of the main objects or (b) If the transaction is usual as per industry practice or (c) If the transaction is happening frequently over a period of time and is for the business purpose of the Company.

"Related Party" means a related party as defined under the applicable accounting standards or under sub-section 2(76) of section 2 of the Companies Act 2013 that is as under:

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- i. a director or his/her relative;
- ii. a key managerial personnel or his/her relative;
- iii. a firm, in which a director, manager or his/her relative is a partner;
- iv. a private company in which a director or manager or his/her relative is a member or director
- v. a public company in which a director or manager is a director and holds along with his/her relatives, more than two per cent. 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;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:  
 Provided that nothing in sub clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii any body corporate which is :
  - A. a holding, subsidiary or an associate company of such company; or
  - B. a subsidiary of a holding company to which it is also a subsidiary; or
  - C. an investing company or the venturer of the company;";

Provided that "the investing company or the venturer 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 such other person as may be prescribed. *[For the purpose of this the Director (other than Independent Director) or Key Managerial Personnel of the holding company or his relative with reference to a Company, shall be deemed as the related party]*

Provided that any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of shareholding in the Company shall also be a related party.

**"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 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.

Further, Related Party Transaction shall also include transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged or not.

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

"Relatives" with reference to any person, means any one who is related to another 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);

Words and expressions used in this Policy but not defined herein shall have the meaning ascribed to them in the Companies Act, 2013 and the Rules framed there under and the Listing Regulations, as amended from time to time.

### **1. Dealing with Related Party Transactions**

All Related Party Transactions, other than transactions between the Company and wholly owned subsidiaries which are in the ordinary course of business and which are on arm's length basis, shall require approval of the Audit Committee of the Company in accordance with this Policy.

### **2. Identification of Related Party Transactions**

All Related Party Transactions shall be placed before the Audit Committee of the Company for its approval.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) who would in turn take necessary steps to place the same before the Audit Committee.

All Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including 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.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) has adequate time to obtain and review information about the proposed transaction and place the same before the Audit Committee.

### 3. Review and Approval of Related Party Transactions

Unless otherwise stated in this Policy, all Related Party Transactions, other than transactions between the Company and wholly owned subsidiaries which are in the ordinary course of business and which are on arm's length basis, shall require prior approval of the Audit Committee of the Company. Transactions between the Company and wholly owned subsidiaries which are in the ordinary course of business and which are on arm's length basis should also, as a measure of good governance, be placed before the Audit Committee for information. For the aforesaid purpose, all Related Party Transactions must be reported to the Company Secretary who shall place the same before the Audit Committee in accordance with this Policy. The Audit Committee may grant omnibus approval to Related Party Transactions that are:

- a. repetitive in nature; and
- b. entered in the ordinary course of business and on arm's length basis.

Such omnibus approval may be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- (a) The transaction in question is necessary to be executed as it is in the business interest of the Company;
- (b) The requisite information is presented to the Audit Committee's satisfaction to confirm that the transaction is entered in the ordinary course of business and on arm's length basis;
- (c) Such omnibus approval shall specify -
  - i. the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
  - ii. the indicative value and the formula for variation in the value, if any and
  - iii. such other conditions as the Audit Committee may deem fit

Such omnibus approval may be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- (d) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of the financial year.

The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval granted by the Audit Committee earlier.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse himself or herself and abstain formal discussion or voting on the approval or ratification of such Related Party Transaction.

All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who

has a potential interest in such Related Party Transaction will recuse himself or herself and abstain from discussion or voting on the approval of such Related Party Transaction.

Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and the Rules framed there under and the Listing Regulations, 2015.

All entities falling under the definition of Related Parties shall not vote to approve the said resolution being placed before the shareholders, irrespective of whether the entity is a party to the transaction or not.

#### **4. Related Party Transactions that shall not require Approval**

Following Related Party Transactions shall not require any separate approval under this Policy:

- a. Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board;
- b. Transactions that have been approved by the Board under specific provisions of the Companies Act, 2013 e.g. inter-corporate deposits, borrowings, investments etc. with or in wholly owned subsidiaries or other Related Parties;
- c. Payment of Dividend;
- d. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015;
- e. Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

#### **5. Material Related Party Transaction**

All Material Related Party Transactions shall be placed for prior approval of shareholders through a Resolution. However, the Material Related Party Transactions entered into between the Company and its wholly owned subsidiaries shall not require prior approval of the shareholders.

#### **6. Disclosure(s)**

Details of all Material Related Party Transactions shall be disclosed to the Stock Exchanges on a quarterly basis along with the compliance report on corporate governance.

The Company shall disclose this Policy on its website and provide the web link in the Annual Report. In addition to the disclosures required under the Accounting Standards, Related Party Transactions that are not at arm's length basis and Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company as part of the Board's Report.

#### **7. Amendments to the Policy**

The Board of the Company shall review this Policy from time to time, but at least once every three years, and may recommend amendments to the same for approval of the Board.

In case of any amendments(s), clarifications(s), circular(s) etc. issued by the relevant authorities not being consistent with the provisions laid down in this Policy, then such amendment(s),

clarification(s), circular(s), etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarifications(s), circular(s), etc.

#### **8. Communication**

This Policy will be communicated to all Directors, KMPs and other concerned persons of the Company.

For **MPS Limited**



**Managing Director**

**Date:** May 17, 2019

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)				