

Policy on Materiality of Related Party Transactions & Dealing with Related Party Transactions

1. PREAMBLE

MMTC Limited (the “Company” or “MMTC”) has adopted the following Policy and Procedures with respect to Related Party Transactions, as defined herein, in compliance with the requirements of Section 188 of the Companies Act’ 2013, the rules made thereunder and any amendments thereto (the “Act”), Accounting Standard–18 issued by the Institute of Chartered Accountants of India (ICAI), Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations” or “SEBI Listing Regulations”), and any other applicable acts, rules, or notifications for the time being in force, in order to ensure transparency and proper regulation of such transactions. The Audit Committee of the Board of Directors reserves the right to review and amend this Policy from time to time.

2. SCOPE OF THIS POLICY

MMTC Limited (“MMTC” or “The Company”) shall engage with Related Parties in the ordinary course of business and on an arm’s length basis to leverage scale, size and drive operational synergies to provide value added, innovative products to its consumers, while ensuring that transactions with Related Parties are fully compliant with applicable laws & regulations.

3. OBJECTIVE OF THIS POLICY

The Board of MMTC Limited, after considering the recommendation of the Audit Committee, has adopted the Policy on Materiality of Related Party Transactions & Dealing with Related Party Transactions (“Policy”) in line with the requirements provided under the Companies Act, 2013 (“Act”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as amended from time to time, respectively.

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.

4. DEFINITIONS AND APPLICABILITY

- "Arm's length transaction" means a transaction between two related parties that is

conducted as if they are unrelated, so that there is no conflict of interest as per the provisions of the Companies Act, 2013.

- **"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 Company having such influence and includes a Joint venture Company.

Explanation — For the purposes of this clause, significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement. Further, "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"** means "Audit Committee" of the Board of the Company constituted from time to time as per the provisions under section 177 of Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **"Board of Directors" or "Board"** means the Board of Directors of MMTCL Limited.
- **"Control"** includes the right to appoint majority of the Directors or to control the Management or Policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or shareholding agreements or voting agreements or management rights or in any other manner.

Provided that a Director or officer of the Company shall not be considered to be in control over such Company, merely by virtue of holding such position.

- **"Government Company"** means any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary company of such a Government company; (Section 2(45) of the Companies Act, 2013).
- **"Holding Company"** in relation to one or more other companies, means a company of which such companies are subsidiary companies; (Section 2(46) of the Companies Act, 2013).
- **"Key Managerial Personnel" (KMP)** in relation to a company, means (i) the Chief Executive Officer or the Managing Director or the Manager (ii) the Company Secretary; (iii) the Whole Time Director; and (iv) the Chief Financial Officer and (v) such other officer as may be prescribed. (Section 2(51) of the Companies Act, 2013).
- **Material Modification to a Related Party Transaction** means any modification for an amount of more than 20 percent to a Related Party Transaction which has already been approved by the Shareholders, Board or Audit Committee, as the case may be or the transaction not being at the arm's length.
- **"Ordinary Course of Business"** means a transaction which is carried out in the

normal course of business envisaged in accordance with the Memorandum of Association, Articles of Association or any other applicable factors like market conditions, industry practices etc.

- **"Policy"** means Related Party Transactions Policy of MMTC Limited.
- **"Related Party"** - An entity shall be considered as related to the Company if: (i) such entity is a related party as defined under Section 2(76) of the Companies Act, 2013; or (ii) such entity is a related party under the applicable accounting standard(s).

Provided that:(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or (b) any person or any entity, holding 20% or more of the equity share capital of the Company (10% or more with effect from April 1, 2023), either directly or on a beneficial interest basis under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

As per Section 2(76) of the Companies Act, 2013 'Related Party' is defined 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 is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi.) anybody 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 subclasses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

viii.) Any company which is----

- (a) holding, subsidiary or an associate company (includes joint venture) of such company; or
- (b) subsidiary of a holding company to which it is also a subsidiary;
- (c) an investing company or the venture of the company which implies a body corporate whose investment in the Company would result in the company becoming an associate company of the body corporate.

(ix) A Director, other than an independent director, or Key Managerial Personnel of the holding company or his relative;

(x) such other person as may be prescribed under the Companies Act, 2013 or any other statutory provisions for the time being in force.

Related Party as per Ind AS 24:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person;

- i.) Has control or joint control of the reporting entity;
- ii.) Has significant influence over the reporting entity; or
- iii.) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) an entity is related to a reporting entity if any of the following conditions applies;

- i.) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii.) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii.) Both entities are joint ventures of the same third party.
- iv.) One entity is joint venture of a third entity and the other entity is an associate of the third entity.
- v.) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi.) The entity is controlled or jointly controlled by a person identified in(a).
- (vii.) A person identified in (a) (i) has significant influence over the entity or is a member the key management personnel of the entity (or of a parent of the entity).
- (viii.) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

"Relative" under section 2(77) of the companies Act, 2013 and Rules there under is defined as follows:

Relative, with reference to any person, means anyone who is related to another, if---

- i.) They are members of a Hindu Undivided Family;
- ii.) They are husband and wife; or
- iii.) One person is related to the other in such manner as may be prescribed,

which is as follows;

- 1) Father (including step-father)
- 2) Mother (including step-mother)
- 3) Son (including step-son)
- 4) Son's wife
- 5) Daughter
- 6) Daughter's husband
- 7) Brother (including step-brother)
- 8) Sister (including step-sister)

"Related Party Transaction" ("RPT") means all the transactions construed to include single transaction or a group of transactions between the Company on one hand and one or more related party/ parties on the other hand for transfer of resources, services or obligations, regardless of whether a price is charged.

Such transactions include contracts, arrangements and transactions as envisaged in Section 188 of the Companies Act, 2013 or Clause (zc) of Sub- regulation (1) of Regulation 2 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or applicable Accounting Standards.

Further, as per SEBI (LODR) Regulations, 2015, "related party transaction" means a transfer of resources, services or obligations between:

- 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
- With effect from April 1, 2023, 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.

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. sub-division or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buyback of securities.

"Subsidiary Company" means subsidiary company as defined in Section 2(87) of the Companies Act, 2013.

"Transaction" A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other Capitalized term used in this Policy document but not defined herein, shall have the meaning ascribed to such term in the Act and the Rules framed there under, the SEBI Listing Regulations and the applicable Accounting Standards as amended from time to time.

This Policy shall be applicable to all Related Party Transactions between the Company and its Related Parties.

5. DEALING WITH RELATED PARTY TRANSACTIONS (PROCEDURE)

In dealing with Related Party Transactions, the Company will follow the below mentioned approach:

I. Identification of Related Party Transactions

All Promoters, Directors and Key Managerial Personnel (“KMPs”) are responsible for informing the Company of their interest including interest of their Relatives (as may be applicable) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Promoter, Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving himself/herself or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm’s length basis. On the basis of criteria prescribed under the applicable laws and as per the aforesaid declaration(s)/ disclosure(s)/ notice(s) received from the Promoters, Directors and KMPs, the list of related parties shall be compiled and updated from time to time.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and refer it to the Audit Committee.

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 Audit Committee of the Company through the Company Secretary.

II. Approval and Review of Related Party Transactions

A. Audit Committee

Unless otherwise provided under applicable laws, all Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company, in accordance with this Policy. The Audit Committee shall consider all relevant factors while deciding on the proposal for approval of Related Party Transactions.

The Audit Committee may, in the interest of the conduct of affairs of the Company, grant

omnibus approval for Related Party Transactions which are repetitive in nature, subject to such criteria/ conditions as mentioned under the Act, SEBI Listing Regulations or any other applicable provisions and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting omnibus approval which shall include the following, namely:

- (a) Maximum value of transactions, in aggregate, which can be allowed under the omnibus route in a year;
- (b) Maximum value per transaction which can be allowed;
- (c) Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- (d) Review of RPTs at such intervals as the Audit Committee may deem fit, entered into by the Company pursuant to each of omnibus approval made;

Such omnibus approval will be granted to the transactions which in addition with meeting the above criteria along with satisfying 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 at arm's length and in the ordinary course of business;
- (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;

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 based on the criteria as may be decided by the Committee, subject to such limits as may be prescribed by the Act & SEBI Listing Regulations.

Such omnibus approval shall be valid for a period not exceeding one year or as may be specified by SEBI and shall require fresh approval after the expiry of one year or as may be specified by SEBI.

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. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

Omnibus approval shall not be made for the following Related Party Transactions:

- (a) Transactions not in the ordinary course of business or not at arm's length.
- (b) Transactions in respect of selling or disposing of the undertaking of the Company.
- (c) Transactions which are not repetitive or unforeseen in nature.
- (d) Any other transaction as may be specified by the Audit Committee.

In an unforeseen event where a Related Party Transaction, for which omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

Ratification, if any, of a Related Party Transaction after its commencement or completion, will be approved by the Audit Committee in exceptional circumstances only, provided the conditions and limits prescribed under SEBI Listing Regulations as amended from time to time are met.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this Policy, be invalid or unenforceable, as long as the transaction is brought to the Audit Committee for ratification and such ratification shall be made 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 conditions as specified under SEBI Listing Regulations.

In case of a failure to seek ratification of the Audit Committee, the transaction is voidable at the option of the 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.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, shall also recuse himself or herself, and abstain from discussion and voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions and voting with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

B. Board of Directors

Following Related Party Transactions shall require prior approval of the Board of Directors of the Company:

- (a) All Related Party Transactions that are not in the ordinary course of business or Not on arm's length basis;
- (b) Material Related Party Transactions which are proposed to be placed before the Shareholders

for approval.

- (c) Related Party Transactions not approved by the Audit Committee and where the Committee is of the opinion that the same should be placed before the Board of Directors;
- (d) Related Party Transactions for which approval of the Board of Directors is mandatory under any applicable law for the time being in force;
- (e) Any Material Modification to the Related Party Transactions already approved by the Board of Directors.

Any member of the Board who has a potential interest in such Related Party Transaction will recuse himself or herself and, abstain from discussion and voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions and voting with respect to other Related Party Transactions placed for approval of the Board.

C. Shareholders

Following Related Party Transactions shall require prior approval of the Shareholders of the Company:

- (a) Material Related Party Transactions and Material Modifications thereto.
- (b) Transactions specified in Section 188(1) of the Act which:
 - i. are not in the ordinary course of business and/ or not on arm's length terms; and
 - ii. exceed the thresholds specified in Act and Rules made there under.

No member of the Company shall vote on the resolution to approve any transaction referred to above, if such member is a related party to the proposed contract or arrangement.

Any transaction where Shareholders of the company have granted approval for material Related Party Transaction in the Annual General Meeting, shall be valid till the date of the next Annual General Meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notification or circulars issued there under from time to time.

Provided further that, in case of omnibus approvals for material related party transactions, granted by shareholders in general meeting other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

All other entities falling under the definition of Related Parties shall not vote to approve the Related Party Transaction.

III. Material Related Party Transaction and Subsequent Material Modification

The following materiality threshold shall apply for the Material Related Party Transactions and subsequent Material Modification for the purposes of the Act and SEBI Listing Regulations:

- (a) Transactions with a Related Party covered under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, shall be governed by the respective limits provided under the said rules.
- (b) Transactions with a Related Party as defined under the SEBI Listing Regulations, materiality threshold shall be as per limits specified under the SEBI Listing Regulations as amended from time to time.
- (c) For payment to a Related Party with respect to brand usage or royalty, materiality threshold shall be as per limits specified under the SEBI Listing Regulations as amended from time to time.

Currently, the SEBI (LODR) Regulations, 2015 has defined threshold limit for Material related Party Transaction as follow:

As of date, SEBI has introduced scale-based materiality thresholds for Related Party Transactions (RPTs) to replace the flat ₹1,000 crore limit, focusing on shareholder approval for transactions exceeding either specific percentages of consolidated turnover or absolute amounts. Materiality thresholds now depend on the turnover: up to ₹20,000 crores (10% of turnover), ₹20,000-₹40,000 crore (₹2,000 crores + 5% of excess), and over ₹40,000 crores (lower of ₹3,000 crores + 2.5% of excess or ₹5,000 crore).

Key Threshold Limits and Approvals:

- Material RPTs (Shareholder Approval Required): Based on the summaries, a transaction is material if it exceeds:
 - Turnover < ₹20,000 crore: 10% of the annual consolidated turnover.
 - Turnover ₹20,000 - ₹40,000 crore: ₹2,000 crores + 5% of turnover exceeding ₹20,000 crore.
 - Turnover > ₹40,000 crore: Lower of (₹3,000 crores + 2.5% of turnover exceeding ₹40,000 crore) OR ₹5,000 crores.

Audit Committee Approval: Required for all RPTs and material modifications.

Small Value/Exemptions: RPTs below ₹1 crore are generally exempt from strict ICSI RPT Industry Standards, though they may still need audit committee review based on internal policy.

- (d) **Material Modification to a Related Party Transaction** means **any modification for an amount of more than 20 percent of Turnover** to a Related Party Transaction which has already been approved by the Shareholders, Board or Audit Committee, as the case may be or the transaction not being at the arm's length.

IV. Related Party Transactions of Subsidiary Companies:

Related Party Transactions to which only an unlisted subsidiary of the Company is a party shall require prior approval of the Audit Committee of the Company if, the total transaction exceeds the thresholds as prescribed by the SEBI Listing Regulations from time to time.

Requirement of obtaining approval from the Audit Committee, or Board, or Shareholders of the Company shall not be applicable in the following cases:

- (a) 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.
- (b) 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.
- (c) Any other transaction for which approval of the Audit Committee, or Board, or Shareholders, is not required or exempted pursuant to provisions of the Act, SEBI Listing Regulations or any other applicable law.

V. Summary of Approvals

The approvals required for related party transactions have been summarized in the table below:

Transactions	Stage/Nature of Modification	Audit Committee	Board of Directors	Shareholders
Non-material RPTs (as per SEBI Listing Regulations)	Initial	Yes	No	No
	Material modifications	Yes	No	No
Material RPTs (as per SEBI Listing Regulations)	Initial	Yes	Yes	Yes
	Material modifications	Yes	Yes	Yes

Transactions	Stage/Nature of Modification	Audit Committee	Board of Directors	Shareholders
All RPTs at arm's length and in the ordinary course of business under Section 188 of the Companies Act, 2013.	Irrespective of limits specified under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 Or not	Yes	No	No

All RPTs not at arm's length or not in the ordinary course of business under Section 188 of the Companies Act, 2013.	Within limits specified under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014	Yes	Yes	No
	Exceeding limits specified under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014	Yes	Yes	Yes

VI. Deemed approval of Related Party Transactions

Following transactions, which are specifically dealt with in terms of specific provision(s) of the applicable laws and executed under separate procedures/ approvals mechanism, shall not require separate approval under this Policy provided the value of transaction(s) does not breach the prescribed materiality thresholds for Related Party Transactions:

- a. Any transaction pertaining to remuneration and sitting fees (including any variation thereof) of Directors and KMPs who are not part of the promoter / promoter.
- b. Shares based incentive plans for the benefit of Directors or KMPs, which are also extendable to other employees of the Company, approved by the Shareholders including ESOPs.
- c. Corporate actions which are uniformly applicable to all Shareholders including Related Parties;
- d. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, approved by the Board and carried out in accordance with the specific provisions of the Act or the SEBI Listing Regulations;
- e. Contribution to Corporate Social Responsibility (CSR) obligations, subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

VII. Minimum Information to be provided for approval (including ratification) of Related Party Transactions

All Related Party Transactions (including any material modification thereto) placed before the Audit Committee for its review and approval of a Related Party Transaction shall be accompanied by the requisite information as prescribed under the Industry Standards on Minimum Information, to be provided to the Audit Committee and Shareholders, for Approval of Related Party Transactions ("Standards"), as amended from time to time.

Further, any notice issued to shareholders seeking approval for any Related Party Transaction (including any material modification thereto) shall include, as part of the explanatory statement, all disclosures mandated under the Act, as well as the additional information specified in the Standards.

VIII. Disclosure(s)

Details of all Related Party Transactions, including the transactions that are deemed to be approved under Para V, on a consolidated basis, shall be submitted to the Stock Exchanges and disseminated on the website of MMTTC, on a half yearly basis, along with the half yearly standalone and consolidated financial statements.

The Company shall disclose this Policy on its website and provide a web link in the Annual Report. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length 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.

IX. Governance of the Policy

The Company has a proactive governance framework to ensure that all Related Party Transactions are evaluated and approved with the highest standards of transparency and compliance. The Audit Committee may at its discretion require Related Party Transactions to be reviewed and certified by independent valuation and accounting firms to validate adherence to the ordinary course of business and arm's length principle. The Audit Committee, in fulfilling its oversight responsibilities, will leverage these independent certifications along with legal and regulatory considerations to make informed decisions.

X. Adoption & Amendment to the Policy

The Board of Directors based on the recommendation of the Audit Committee of the Company shall review this Policy at least once in three years or such other earlier periodicity as it may deem fit and may amend this Policy from time to time.

Any or all provisions of this Policy would be subject to revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

This policy is Revised and adopted by Board of Directors in its 489th Meeting held on 12.02.2026.
