



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the “Board”) of Mukta Arts Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 (“the Act”) read with the rules framed thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“SEBI LODR”). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

The Board of Directors have adopted the following policy in relation to determining Materiality of Related Party Transactions and on dealing with Related Party Transactions.. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

“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.

“Ordinary Course of Business” shall mean a transaction which is carried out in the normal course of business by the Company or is an activity as envisaged in the Memorandum of Association of the Company as amended from time to time.

“**Audit Committee or Committee**” means the Audit Committee of the Company.

“**Board**” means the Company’s Board of Directors.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined in sub-Section (51) of Section 2 of the Act.

“**Control**” means as defined in sub-Section (27) of Section 2 of the Act.

“**Related Party**” means Related Party as defined in sub-Section (76) of Section 2 of the Act or under the applicable Accounting Standards as amended from time to time.

“**Related Party Transactions**” or “RPTs” shall mean all transactions between the Company and one or more related party including contracts, arrangements and transactions as provided in Section 188(1) of the Act and/or Regulation 2(zc) of SEBI LODR.

“**Relative**” means relative as defined under sub-section (77) of Section 2 of the Act.

“**Material Related Party Transactions**” shall mean transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds Rupees 1000 crore or ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such other threshold as may be prescribed from time to time.

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 (5%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such other threshold as may be prescribed.

“**Subsequent Material Modifications**” shall mean any subsequent revision of at least twenty percent (20%) of the total transaction value or any such threshold as maybe determined by the Board from time to time.

All the words and expressions used and not defined in this Policy, shall have meaning respectively assigned to them under the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 or any other applicable laws for the time being in force and rules and regulations made thereunder as amended, from time to time.

4. POLICY

All RPTs shall require prior approval of the Audit Committee. All Material RPTs and Material Modifications shall require prior approval of the Shareholders of the Company in accordance with this Policy. In dealing with RPTs, the Company will follow the below mentioned approach:

A. Identification of Related Party

The Company shall identify Related Parties as per the definition provided in the applicable laws, including the Act and SEBI LODR, as amended from time to time. The Company shall regularly verify and update the Related Party List, review and confirm (at least once a quarter) and in accordance with the applicable laws as prevalent.

B. Identification of RPTs

1. Each Director and KMP will be responsible for providing notice to the Company or Audit Committee of any potential RPTs involving him or her or his or her relative.
2. Any other RPTs identified during the periodic review not covered under any specific broad category shall be independently reviewed, approved and included for conformance as a part of Related Party Policy mechanism.

C. Approval of RPTs

1. Audit Committee approval

- i. All RPTs and subsequent material modifications shall require prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of a circular resolution or at a meeting or through electronic mode. However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to compliance of the conditions contained in the Act and Regulation 23 of SEBI LODR as amended from time to time.
- ii. The Audit Committee shall have the discretion to recommend/refer any matter relating to any RPT to the Board for its approval.
- iii. Only those members of the Audit Committee, who are Independent Directors, shall approve RPTs.

5. RELATED PARTY TRANSACTIONS OF SUBSIDIARIES

RPTs to which the unlisted subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into

individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

6. OMNIBUS APPROVAL

Omnibus Approval shall be granted by the Audit Committee if following conditions are satisfied:

- Such RPTs are repetitive in nature.
- Such an approval is in the interest of the Company.
- Specify:
 - a. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed.
 - b. the indicative base price/current contracted price and the formula for variation in the price if any.
 - c. such other conditions as the Audit Committee may deem fit.
- Provided that where the need for RPT cannot be foreseen and the 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.

The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approvals given.

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

All material RPTs and subsequent modifications as defined shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

7. BOARD APPROVAL

All RPTs 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 RPTs will recuse

himself or herself and abstain from voting on the approval of such RPTs. Such member may, however, participate in discussions with respect to other RPTs placed for approval of the Board.

8. SHAREHOLDERS' APPROVAL

All material RPTs and transactions exceeding such sums, as prescribed under Section 188 of the Act read with relevant rules prescribed thereunder shall require prior approval of the shareholders through resolution.

All entities falling under the definition of Related Parties shall not vote to approve the RPTs irrespective of whether the entity is a party to the particular transaction or not.

9. DEEMED APPROVAL

Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board shall not require separate approval under this Policy.

10. COMPLIANCE

Every person associated with RPTs shall be accountable for compliance with this Policy. In case of breach of Policy, Audit Committee may initiate appropriate action against the person/s responsible.

11. REVIEW OF THE POLICY

This policy shall be subject to review by the Board as may be deemed necessary or to meet any regulatory requirements from time to time but atleast once every three years.

12. SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the SEBI LODR or Companies Act, 2013 or any other statutory enactments, rules, provisions or statutory enactments, shall prevail over this Policy.

This policy is reviewed, amended and approved by the Board of Directors at their meeting held on 14/02/2024.