

Amended and effective from May 28, 2025



EMS LIMITED

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POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23(1) of SEBI (LODR) Regulations 2015

Policy on Materiality of and Dealing with Related Party Transactions

I. PREFACE

Regulation 23(1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), requires that a listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions as may be determined under the Companies Act, 2013 and rules prescribed thereunder ("Act"), Listing Regulations and any other laws and regulations as may be applicable to the Company.

EMS LIMITED (the "Company"), has always been committed to good Corporate Governance Practices, including in matters relating to Related Party Transactions (RPTs). An endeavor is consistently made to have transactions with Related Parties only at arms' length basis.

All RPTs, as defined in this Policy, shall be subject to review in accordance with the procedures set forth below.

II. DEFINITIONS

"Act" means the Companies Act, 2013, including the Rules, Regulations, Schedules, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time.

"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 "Audit Committee" constituted by the Board of Directors of the Company under the provisions of the SEBI LODR Regulations and the Act as amended from time to time.

"Board" means the Board of Directors of the Company, as constituted from time to time.

"Material Related Party Transactions" means

In accordance with Regulation 23 of the SEBI LODR Regulations, a transaction with related party shall be considered material, if the transaction(s) to be entered into, individually or taken together with previous transactions during a financial year:

- In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements or such other limits as may be specified in the applicable Regulations as amended from time to time;

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- In case of any other transaction(s), if the amount exceeds Rs.1,000 crores or 10% of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower, or such other limit as may be specified in the applicable Regulations as amended from time to time.

As per Section 188 of the Act read with the relevant rules made thereunder, the following cases of contracts or arrangements exceeding certain value shall be considered material:

- sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company as mentioned in clause (a) and clause (e) respectively of section 188(1) of the Act;
- selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the Company, as mentioned in clause (b) and clause (e) respectively of section 188(1) of the Act;
- leasing of property of any kind amounting to 10% or more of the Turnover of the Company as mentioned in clause (c) of section 188(1) of the Act;
- availing or rendering of any services directly or through appointment of agent, amounting to 10% or more of the turnover of the Company as mentioned in clause (d) and clause (e) respectively of section 188(1) of the Act;
- appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs.2,50,000 as mentioned in clause (f) of section 188(1) of the Act; or
- remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth as mentioned in clause (g) of section 188(1) of the Act.

“Turnover” or “Net Worth” shall be determined on the basis of the audited financial statement of the preceding financial year.

“Material modification(s)” means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% or more in the relevant previously approved related party transactions.

Provided further that the following shall not be considered as material modification:

- a. modifications which may be mandated pursuant to change in law;
- b. modifications pursuant to and in accordance with the terms of the approved transaction/ contract, whether with or without mutual consent of parties, as the

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case may be;

- c. modifications resulting from change in constitution of either of parties pursuant to scheme of arrangement (eg: merger, amalgamation, demerger, etc.);
- d. modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties;
- e. modifications uniformly affected for similar transactions with unrelated parties.

“Policy” means Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions.

“Related party” means a related party as defined under section 2(76) of the Act, Regulation 2(1)(zb) of the Listing Regulations or under the applicable accounting standards.

“Relative” means as defined under section 2(77) of the Act.

“Related Party Transactions” means

A. Under the Listing Regulations

As defined under Regulation 2 (1) (zc) of Listing Regulations, as amended from time to time, means a transaction involving a 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, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a 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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- B. the following corporate actions by the Company which are uniformly applicable / offered to all shareholders in proportion to their shareholding:

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- (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) buy-back of securities.

C. 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), in the format as specified by the Board:

D. 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:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

E. retail purchases from any listed entity 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.

B. Under the Act

As per Section 188 of the Act, shall mean contracts or arrangements with related party with respect to:

- i. Sale, purchase or supply of any goods or materials;
- ii. Selling or otherwise disposing of, or buying, property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. Such related party's appointment to any office or place of profit in the Company, its Subsidiary Company or Associate Company; and
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Company. "Collectively the Related Party Transaction shall constitute the above."

“Words and expressions used but not defined in this Policy shall have the same meaning as respectively assigned to them, in the Applicable Law under reference, that is to say, the Act and Rules framed thereunder, or Listing Regulations, as amended, from time to time.

III. Identification of Related Party and RPTS

1. Every promoter, director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,
 - a. at the time of appointment;
 - b. periodically – as required by the Company or applicable law
 - c. whenever there is any change in the information already submitted,

provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.

2. Each promoter, director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential RPTs 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 RPTs requiring compliance with this Policy.
3. The Management shall make disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

IV. APPROVAL FRAMEWORK

Approval of the Audit Committee

1. Each Related Party Transaction and subsequent material modification thereof shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation and only those members of the audit committee, who are independent directors, shall approve the Related Party Transaction.
2. The Audit Committee may grant omnibus approval for the period not exceeding one year for any Related Party Transaction(s) proposed to be entered into by the Company or its subsidiaries which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance with the conditions contained in Regulation 23 of the SEBI LODR Regulations.

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3. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into with the Company or its subsidiaries pursuant to each of the omnibus approvals given.
4. Prior approval of the Audit Committee shall also be required for a related party transaction and subsequent modification thereof whether entered into individually or taken together with previous transactions during a financial year, where Company's subsidiary is a party, but the Company is not a party:
 - if the value of such a transaction during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;
 - with effect from 1st April 2023, if the value of such transaction during a financial year exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Provided that prior approval of the Audit Committee of the Company shall not be required for a related party transaction to which the listed subsidiary of the Company is a party, but the Company is not a party, if regulation 23 and regulation 15(2) of these regulations are applicable to such listed subsidiary.

Provided that 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, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23(1) of the SEBI LODR Regulations and this Policy.

5. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall not be present at the meeting and abstain from voting on the approval of the Related Party Transaction.
6. To review a Related Party Transaction, the Audit Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Act, and the SEBI LODR Regulations.

Board Approval

All the Related Party Transactions which require the approval of the Board under any law shall be approved at the meeting of the Board and the Board shall consider and approve the Related Party Transaction and 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. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Shareholder Approval

All Material Related Party Transactions and subsequent material modifications thereto shall require prior approval of the shareholders through ordinary resolution and the no Related Parties shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

The above approval of Audit Committee, Board and Shareholders as the case may be is not required if:

- (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 such holding company and placed before the shareholders at the general meeting for approval.

Ratification by Audit Committee

In the event the Company becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its consummation, the members of the audit committee, who are independent directors, may ratify such Related Party Transactions within three (3) 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:

- a. 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 Rs. 1 Crore (Rupees One Crore);
- b. the transaction is not material in terms of the provisions of Regulation 23(1) of SEBI LODR Regulations;
- c. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- d. the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Regulation 23(9) of this SEBI LODR Regulations; and
- e. any other condition as specified by the audit committee:

Provided 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.

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V. DISCLOSURES

The Related Party Transactions, Material Related Party Transactions, agreements, arrangements, contracts and Policy will be disclosed from time to time as required under the Act (as amended from time to time), Listing Regulations (as amended from time to time) and as per the applicable Indian Accounting Standards.

This Policy will be uploaded on the website of the Company and a web link thereto shall be provided in the annual report.

VI. REVIEW/AMENDMENT

The Audit Committee shall periodically review this Policy at-least once in three (3) years and may recommend amendments to this Policy to the Board from time to time, as it deem appropriate.

In the event of any conflict between the provisions of this Policy and of the Act or the Listing Regulations or any other legal requirement ("Applicable Law"), the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy.
