

MODERN FINANCIAL SERVICES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

PREAMBLE

Modern Financial Services Limited in consonance to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and related provisions of the Companies Act, 2013 recognizes the potential conflict of interest between the Company and its stakeholders in case the Company enters into contracts/arrangements with its related party and considering such transactions are at the best interest of both the parties in the given situation. The objective of this Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company in this regard and to ensure proper approval and reporting of transactions between the Company and its Related Parties.

MATERIALITY

A transaction with a 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, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. 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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

POLICY OF THE COMPANY

1. All the transactions which are identified as Related Party Transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
2. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.
3. In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction.
4. If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.
5. If any contract or arrangement is entered by a Director or any employee without the consent of the Board or without Special Resolution in General Meeting due to some urgency, it shall be ratified by the Board or General Meeting by means of Special Resolution within 3 months, as the case may be.
6. In case of market price of any transactions/arrangements are not available or cannot be ascertained and could not be executed with outsiders due to secrecy of the nature of products or formula, such transactions

shall be done as far as possible to the nearing market price and after citing justification to the Audit committee for such transaction and necessity.

7. In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or any other regulations (“the Regulations”) which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

8. The Policy shall be reviewed and recommended by the Audit Committee at least once in every three years or as and when any changes are to be incorporate in the Policy due to change in the Regulations or as may be felt appropriate by the Audit Committee, whichever is earlier for approval of the Board of Directors. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.
