

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS OF MUSIC BROADCAST LIMITED

1. PREAMBLE, SCOPE AND APPLICABILITY

The Board of Directors of Music Broadcast Limited (“**the Company**” or “**MBL**”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy is framed in compliance with the provisions of Regulation 23 and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**the Listing Regulations**”) and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (“**the Act**”) and the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, and other applicable provisions, if any; collectively referred to as the Applicable Regulatory Provisions.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

All Related Party Transactions shall be entered into by the Company in accordance with this Policy or in accordance with the applicable provisions.

2. DEFINITIONS

All the terms used and defined herein are in addition to those defined in the Act, Listing Regulations or any other applicable law or regulation:

- “**Arm’s length transaction**” has been defined to mean 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 the Audit Committee of the Board constituted under provisions of the Listing Regulations and the Act.
- “**Board**” means Board of Directors of the Company.
- “**Key Managerial Personnel**” shall have the meaning as defined in section 2(51) of the Act and other applicable provisions, if any, as amended from time to time.
- “**Material Modification**” means any modification which exceeds 10% or more of the approved limit of the Related Party Transactions after taking into consideration the revised proposal relating thereto.
- “**Material Related Party Transaction**” shall have the meaning as defined in the Applicable Regulatory Provisions.

Without prejudice to the foregoing, at present, as per the **proviso** to Regulation 23(1) of the Listing Regulations, this term means *if the transaction(s) to be entered into individually or taken*

together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of the Listing Regulations, annexed to this Policy as Annexure B.

*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/transactions to be entered into individually or taken together with previous transactions during a financial year, exceed **five percent** of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.*

Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board.

- **“Related Party”** means related party as defined in section 2(76) of the Act and Regulation 2(zb) of the Listing Regulations, or as specified under the applicable accounting standards, each as amended from time to time.
“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 equity shares:
(i) of twenty per cent or more; or
(ii) of ten per cent or more; w.e.f April 1, 2023;
in the listed entity either directly or on a beneficial interest basis as provided 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.”
- **“Related Party Transaction(s)”** refers to those transactions that are covered under the scope of Section 188 of the Act and Regulation 2(zc) of the Listing Regulations and any other applicable provisions as amended from time to time.

3. REVIEW AND APPROVAL OF THE RELATED PARTY TRANSACTIONS

I. Approval of Audit Committee

The Company may enter into any related party transaction and subsequent material modifications thereof with the prior approval of the Audit Committee and only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

All Material Related Party Transactions and subsequent Material Modifications thereof 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.

A related party transaction **above rupees one crore, whether entered into individually or taken together with previous transactions during the financial year**, to which the subsidiary of a listed entity is a party but the listed entity 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 the lower of the following:**

- i. ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- ii. the threshold for material related party transactions of listed entity as specified in Schedule XII of the Listing Regulations

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

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

Provided further 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 sub-regulation (1) of regulation 23.

Provided further that the members of the audit committee, who are independent directors, may ratify related party transactions 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 following conditions:

- (i) 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 rupees one crore**;
- (ii) the transaction is **not material** in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) **rationale** for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the **details** of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) 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 authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

II. OMNIBUS APPROVAL

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity or its subsidiary subject to the following conditions, namely-

- a. the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- c. the omnibus approval shall specify:
 - i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - ii. the indicative base price / current contracted price and the formula for variation in the price 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 subject to their value not exceeding rupees one crore per transaction.

- d. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity or its subsidiary pursuant to each of the omnibus approvals given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f. The omnibus approval granted by the shareholders for material related party transactions in an 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, notifications, or circulars issued thereunder from time to time:
 - a. In case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

EXCEPTIONS

The provisions of sub-regulations (2), (3) and (4) of Regulation 23 shall not be applicable in the following cases:

- transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

On a quarterly basis, the Audit Committee shall review transactions with related parties for omnibus approval given on the basis of the Applicable Regulatory Provisions of the Company or its Subsidiary. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4. MATERIALITY THRESHOLDS

Regulation 23 of the Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which prior approval of the shareholders through resolution will be required.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

However, the requirements specified above shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

The Company has fixed the following materiality threshold for the purpose of Regulation 23(1), 23(1A), 23(2) and 23(4) of the Listing Regulations. The threshold limits as provided in **Annexure A** of this Policy for Determining the Materiality.

➤ **CONTRACTS OR ARRANGEMENTS NOT IN THE ORDINARY COURSE OF BUSINESS OR AT ARM'S LENGTH BASIS**

Contracts or arrangements approved which are not in the ordinary course of business or at arm's length shall be disclosed in the Board's Report along with justification for entering into such contract or arrangement.

In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

5. DISCLOSURES

The Company shall disclose details of contracts or arrangements or transactions not at arm's length basis in its Directors Report and material contracts or arrangement or transactions at arm's length basis in its Corporate Governance Report.

The Company shall disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

Further, the Company shall submit on the day of filling the standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format as specified from time to time to the stock exchanges where the specified securities (as defined in the Listing Regulations) of the Company are listed and publish the same on its website.

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results.

Provided further that the 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 disclosure under this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

6. REVIEW OF THE POLICY

This Policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

‘ANNEXURE-A’

All Related Party Transactions will be subject to following approval matrix, as may be applicable:

Provisions	Approval Required		
	Audit Committee	Board of Directors	Shareholders (Ordinary Resolution)
Transactions in ordinary course of business and on annual arm's length basis up to Rs 1000 crores or 10% of annual consolidated turnover of the Company, whichever is lower	√		
Transactions in ordinary course of business and on annual arm's length basis in excess of Rs 1000 crores or 10% of annual consolidated turnover of the Company, whichever is lower	√	√	√
Payments made to a Related Party with respect to brand usage or royalty up to 5% of annual consolidated turnover of the Company	√		
Payments made to a Related Party with respect to brand usage or royalty in excess of 5% of annual consolidated turnover of the Company	√	√	√
Transactions either not in the ordinary course of business or arm's length basis			
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
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	√	√	*√ * Amounting to 10% or more of the networth of the Company
Leasing of property of any kind.	√	√	*√ * Amounting to 10% or more of the turnover of the Company
Availing or rendering of any services, directly or through appointment of agent	√	√	*√ Amounting to 10% or more of the turnover of the Company
Appointment to any office or place of profit in the company, its subsidiary company or associate company	√	√	*√ * Remuneration exceeds Rs. 250,000 per month

Underwriting the subscription of any securities of the company or derivatives thereof	√	√	*√ *Remuneration exceeds 1% of net worth
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* Note: In case of shareholders' approval for such transactions, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

Annexure B
Schedule XII: Related Party Transactions

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 the following:

Consolidated Turnover of Listed Entity Threshold	Threshold
Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity.
More than ₹20,000 Crore to up to ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.