

Mphasis Limited

Bagmane World Technology Center, Marathalli Outer Ring Road, Doddanakhundi Village, Mahadevapura, Bangalore 560048.
 CIN:L30007KA1992PLC025294. Telephone: 91 80 6695 5000. Fax:91 80 6695 6943. Website: www.mphasis.com.
 e-mail: Investor.relations@mphasis.com

Document Contact Information

Contact	Subramanian Narayan
Designation	Senior Vice President & Company Secretary
Address	Mphasis Limited
Email	Subramanian.Narayan@mphasis.com

Document History

Version	Author	Date	Summary
V 1.0	A Sivaram Nair	30 July 2014	First Related Party Policy adopted by the Board.
V2.0	A Sivaram Nair	29 October 2014	Amendments to align to amended Related Party provisions in the Companies (Meeting of Board and its Powers) Second Amendments Rules, 2014 and Clause 49 of the Listing Agreement
V3.0	A Sivaram Nair	15 April 2016	<ol style="list-style-type: none"> 1. Substituted the Ordinary Resolution of Shareholders instead of requirement of Special Resolution by Shareholders consequent to change in the law 2. Reference to Listing Agreement replaced by Listing Regulations pursuant to enactment of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)
V4.0	Subramanian Narayan	24 January 2019	Amendments to align to Companies (Amendment) Act, 2017 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018
V5.0	Subramanian Narayan	22 July 2021	Amendment to include the disclosure requirements.
V6.0	Subramanian Narayan	20 January 2022	Amendments to align to SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021. These amendments to the policy will be effective 1 April 2022.

1. INTRODUCTION

The Board of Directors (the “Board”) of Mphasis Limited (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review the policy from time to time, at least once in every three years and the Committee may amend this policy from time to time.

This policy will be applicable to the Company effective 1 October 2014. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company and also provides for materiality of related party transactions.

2. PURPOSE

This policy is framed based on Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Agreement entered by the Company with the Stock Exchanges and primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

3. DEFINITIONS

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of Listing Regulations and Companies Act, 2013, from time to time.

“Board of Director” or “Board” means the Board of Directors of Mphasis Limited, as constituted from time to time.

“Key Managerial Personnel” or “Key Management Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made thereunder.

“Policy” means Related Party Transaction Policy.

“Related Party” shall be as defined under the Companies Act, 2013, including the rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable accounting standards.

“Related Party Transaction” means transaction in the nature of contract involving transfer of resources, services or obligations between.

- i. 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
- ii. 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, 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 listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision 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.

Provided that, a Related Party Transaction shall deem to include any material modification to such Related Party Transaction which is required to be considered by the Audit Committee of the Board of Directors under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4. POLICY

Subject to provisions of Listing Regulations, all Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy. However, the Audit Committee may in accordance with the provisions of law may grant omnibus approval for any related party transaction as it deems fit. Such delegation by Audit Committee shall comply with the following:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- 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 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;
- d) 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 Rs.1 crore per transaction.
- e) 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 approval given.
- f) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- g) In addition, the Audit Committee would discharge such other functions as prescribed by the Companies Act, 2013 and the Listing Regulations.

4.1. Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel, including the Directors and Key Managerial Personnel of the subsidiaries of the Company are responsible for providing Notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

4.2. Review and Approval of Related Party Transactions

Subject to the foregoing, every Related Party Transaction shall be subject to the prior approval of the Audit Committee. Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction. The members of the Audit Committee, being Independent Directors, shall approve the Related Party Transactions.

Related Party Transactions entered by the subsidiary(ies), to which the Company is not a party thereto, shall also be subject to prior approval of the Audit Committee, if the value of such transaction taken together either individually or with previous transactions during a financial year exceeds ten per cent or such other prescribed limits of the annual consolidated turnover, as per the last audited financial statements of the listed entity.

Provided that the limit of ten percent shall be ten percent of the annual standalone last audited financial statements of the respective subsidiary(ies)

Related Party Transactions which are exempted under the Listing Regulations need not be subject to approval of the Audit Committee and/or the shareholders of the Company.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters as prescribed under the Listing Regulations.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- i. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ii. Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iii. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and

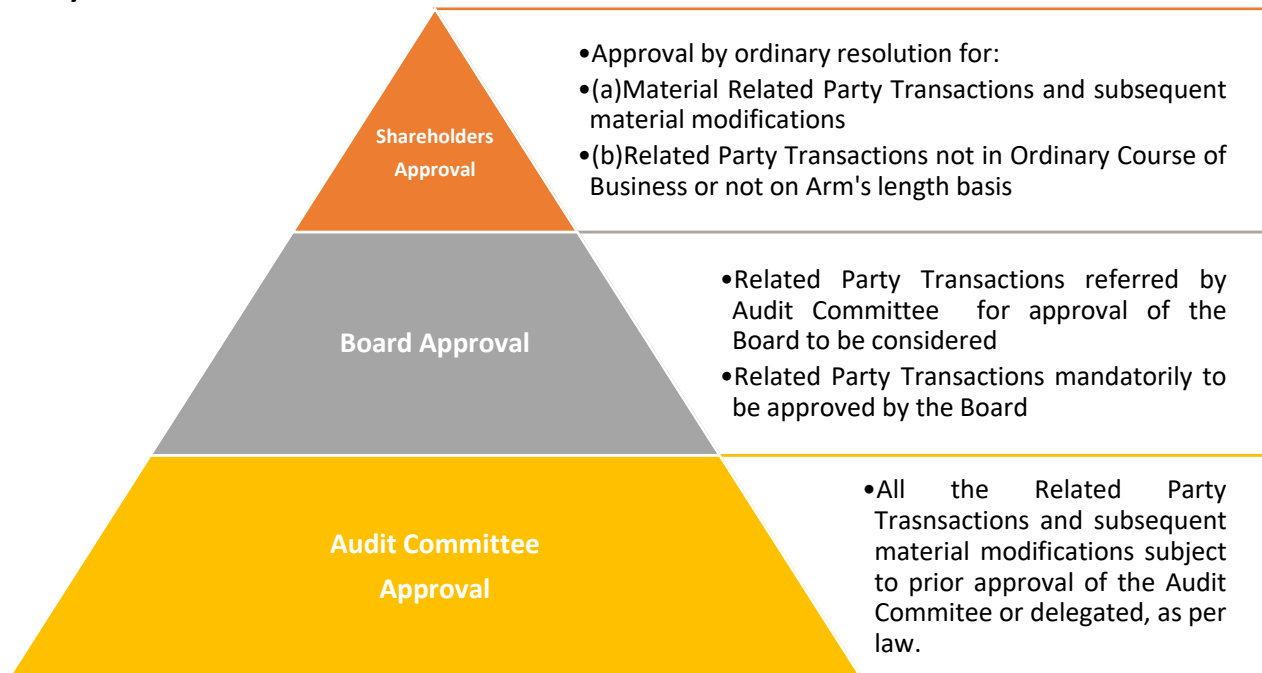
- vi. Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then 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.

All the Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

All the Transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business and at Arms' Length Basis shall also require the approval of the Board/ shareholders through ordinary resolution as per the requirements of the Companies Act 2013 and such Related Parties shall not vote to approve the relevant resolution irrespective of whether such related party is a party to the particular transaction or not.

Policy framework



4.3 Decision regarding transaction in ordinary course of business and on arm's length basis

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, shall judge if the transaction is the ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is the ordinary course of business or at arm's length basis. In case the Board is not able to arrive at such a decision, the same shall be decided by the Independent Directors, whose decision shall be final.

4.4 Material Related Party Transaction

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements which ever is lower, or such other applicable threshold limit as provided by the law from time to time.

Transaction involving payments 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 of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

4.5 Material modifications to Related Party Transactions

All material modifications to a Related Party Transaction shall require prior approval of the Audit Committee. The Audit Committee shall identify the material modifications, which needs to be placed before it for approval in future, while approving such related party transaction.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Transaction with a Related Party, which is regulated under the Listing Regulations or which is not on Arm's length basis or not in the ordinary course of business, that has not been approved or is not in accordance with the delegation approved under this Policy, the matter shall be reviewed by the Audit Committee (the "Committee"). The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

6. TRANSACTION NOT COVERED UNDER THE POLICY

All the related party transactions which are not covered by the provisions of the Companies Act, 2013 and/or Listing Regulations will not be governed by this Policy.

7. REPORTING OF RELATED PARTY TRANSACTIONS

- i. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, will be reported in the Board's report to the shareholders along with the justification for entering into such contract or arrangement, as required under the Companies Act, 2013 and the Listing Regulations.
- ii. The details of all transactions with related parties will be submitted on a consolidated basis, in the format specified in the relevant accounting standards, on prescribed timelines under the Listing Regulations to the stock exchanges and the same shall be published on the Company's website, as required under the Listing Regulations.

8. POLICY SEVERABLE

This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the Company at www.mphasis.com.
