PRODOCS SOLUTIONS LIMITED

RELATED PARTY TRANSACTION POLICY

(Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Initial approval of the Board of Directors	17th January 2025
1st Amendment by the Board of Directors	29th May 2026

1. PREAMBLE

The Board of Directors of Prodocs Solutions Limited (hereinafter referred to as the "Company") recognises the importance of maintaining transparency, accountability and fairness in all transactions entered into by the Company with its Related Parties.

The Company is listed on the SME Platform of BSE Limited. Pursuant to the applicability of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), the Company is required to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions, including clear threshold limits duly approved by the Board of Directors.

Accordingly, this Policy has been formulated to establish a framework for identification, review, approval, monitoring and disclosure of Related Party Transactions, ensuring that such transactions are undertaken in the ordinary course of business, wherever applicable, on an arm's length basis and in the best interests of the Company and its shareholders.

This Policy shall be effective from April 1, 2026.

2. OBJECTIVES

The objectives of this Policy are:

a. To ensure proper identification and monitoring of Related Parties and Related Party Transactions.

b. To establish appropriate procedures for obtaining prior approval of the Audit Committee and shareholders, wherever required.

c. To prescribe materiality thresholds for Related Party Transactions.

d. To ensure that Related Party Transactions are undertaken in the ordinary course of business and on an arm's length basis, wherever applicable.

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e. To safeguard the interests of the Company and its shareholders, particularly minority shareholders.

f. To ensure compliance with the Companies Act, 2013, SEBI LODR Regulations and applicable SEBI circulars and directions.

g. To establish an appropriate mechanism for disclosure, reporting and monitoring of Related Party Transactions.

3. DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meanings assigned to them below:

3.1 "Act"

Means the Companies Act, 2013 and the rules made thereunder, including any statutory modification, amendment or re-enactment thereof.

3.2 "Audit Committee"

Means the Audit Committee constituted by the Board of Directors of the Company in accordance with the applicable provisions of the Companies Act, 2013 and Regulation 23 of the SEBI LODR Regulations.

3.3 "Board"

Means the Board of Directors of the Company.

3.4 "Key Managerial Personnel" or "KMP"

Shall have the meaning assigned to the term under Section 2(51) of the Companies Act, 2013.

3.5 "Material Related Party Transaction"

Means a Related Party Transaction which, individually or together with previous transactions entered into during a financial year, exceeds the threshold prescribed under Regulation 23(1) of the SEBI LODR Regulations, as applicable to the Company.

For a company listed on the SME Exchange, a transaction with a Related Party shall be considered material if the transaction, individually or together with previous transactions during a financial year, exceeds:

- Rupees Fifty Crore; or
- Ten per cent of the annual consolidated turnover of the Company as per its last audited financial statements;

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whichever is lower.

3.6 "Material Modification"

Means any modification to an approved Related Party Transaction which materially alters its nature, commercial terms, value, tenure, scope or other material conditions, in accordance with the criteria prescribed by the Audit Committee and the provisions of applicable law.

3.7 "Related Party"

Shall have the meaning assigned to the expression under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the SEBI LODR Regulations, as amended from time to time.

The definition shall also include any person or entity which is treated as a Related Party under applicable accounting standards.

3.8 "Related Party Transaction" or "RPT"

Shall have the meaning assigned to the expression under Regulation 2(1)(zc) of the SEBI LODR Regulations, as amended from time to time.

It shall include transactions involving a transfer of resources, services or obligations between the Company or any of its subsidiaries, as applicable, and a Related Party, irrespective of whether a price is charged.

Transactions shall also include single transactions or a group of transactions in a contract.

3.9 "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.

3.10 "Ordinary Course of Business"

Means transactions which are ordinarily undertaken by the Company in the normal course of its business activities and are consistent with its business objectives, practices, operational requirements and past conduct.

The determination shall be made on the basis of the nature, frequency, purpose, business necessity and commercial substance of the transaction.

3.11 "Industry Standards"

Means the Industry Standards on Minimum Information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions, formulated by the

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Industry Standards Forum and recognised by SEBI, including subsequent revisions and clarifications.

Words and expressions not defined herein shall have the meanings respectively assigned to them under the Companies Act, 2013, SEBI LODR Regulations, applicable accounting standards and other applicable laws.

4. IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS

4.1 The Company shall maintain an updated database/register of its Related Parties based on:

a. Declarations received from Directors and KMP under Section 184 of the Companies Act, 2013.

b. Declarations received from Directors and KMP regarding their relatives and entities in which they are interested.

c. Information available in the Company's statutory records.

d. Information received from subsidiaries, where applicable.

e. Information available under applicable accounting standards.

4.2 Every Director and KMP shall disclose to the Company all relevant information concerning entities or persons which may be considered Related Parties and shall promptly intimate any changes therein.

4.3 The Company shall periodically update the list of Related Parties and circulate the updated list to the concerned departments, finance/accounts department and other personnel responsible for initiating or processing transactions.

4.4 Every department initiating a transaction shall verify whether the proposed counterparty is a Related Party before entering into any commitment, contract or arrangement.

4.5 The Company shall maintain appropriate records of Related Party Transactions, including the nature of the transaction, amount, commercial justification, approval obtained and other relevant particulars.

5. MATERIALITY POLICY

5.1 A Related Party Transaction shall be considered material where the aggregate value of the transaction or transactions entered into individually or together with previous transactions during a financial year exceeds the following threshold:

For SME-listed companies:

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The lower of:

a. ₹50 Crore; or

b. 10% of the annual consolidated turnover of the Company as per its last audited financial statements.

5.2 The threshold shall be computed by aggregating all transactions with the concerned Related Party during the relevant financial year, including transactions already undertaken or approved during such year, as required under Regulation 23.

5.3 For the purpose of determining materiality, the Company shall consider the value of the transaction or transactions in accordance with the applicable SEBI LODR provisions.

5.4 Any transaction exceeding the above materiality threshold shall require prior approval of the shareholders through an ordinary resolution, in addition to the approval of the Audit Committee, as applicable.

5.5 The Company shall not artificially split transactions or arrangements to circumvent the applicable materiality thresholds or approval requirements.

5.6 The Board shall review the materiality thresholds whenever there is a change in the applicable regulatory provisions.

6. APPROVAL MECHANISM FOR RELATED PARTY TRANSACTIONS

6.1 Approval of the Audit Committee

a. All Related Party Transactions and subsequent material modifications thereto shall require prior approval of the Audit Committee, subject to the exemptions specifically provided under Regulation 23 of the SEBI LODR Regulations.

b. Only those members of the Audit Committee who are Independent Directors shall approve Related Party Transactions.

c. The Audit Committee shall consider the nature, commercial terms, business rationale, pricing, financial impact and other relevant circumstances of the proposed transaction before granting approval.

d. The Audit Committee shall ensure that the proposed transaction is in the interest of the Company and is not prejudicial to the interests of minority shareholders.

e. The Audit Committee may seek information, clarification, valuation reports, benchmarking data or independent professional advice wherever considered necessary.

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f. Any member of the Audit Committee who has a potential conflict of interest shall disclose the same and shall not participate in the approval process to the extent required under applicable law.

6.2 Information to be placed before the Audit Committee

The Company shall provide the Audit Committee with the information prescribed under the applicable SEBI RPT Industry Standards and SEBI Master Circular, as amended from time to time.

Such information shall include, wherever applicable:

a. Type, material terms and particulars of the proposed transaction.

b. Name of the Related Party and its relationship with the Company or its subsidiary, including the nature of its concern or interest, financial or otherwise.

c. Tenure of the proposed transaction.

d. Value of the proposed transaction.

e. Percentage of the annual consolidated turnover of the Company represented by the proposed transaction, based on the immediately preceding audited financial statements. In case of a transaction involving a subsidiary, the corresponding percentage based on the subsidiary's annual standalone turnover shall also be provided, wherever applicable.

f. Detáils of loans, inter-corporate deposits, advances or investments, wherever the transaction involves such arrangements, including:

- Source of funds.
- Nature and cost of financial indebtedness, if any.
- Tenure and repayment terms.
- Interest rate and applicable covenants.
- Security, if any.
- Purpose for which the funds shall be utilised by the ultimate beneficiary.

g. Justification as to why the proposed transaction is in the interest of the Company.

h. Valuation reports or other external reports relied upon, if any.

i. Any other information considered relevant by the Audit Committee or required under applicable law.

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The Company shall follow the simplified minimum information requirements under the applicable SEBI Master Circular where the relevant transaction qualifies for the prescribed relaxation.

6.3 Approval of the Board of Directors

Where approval of the Board is required under Section 188 of the Companies Act, 2013 or any other applicable provision, the Company shall obtain such approval before entering into the proposed transaction.

The Audit Committee approval under Regulation 23 shall not dispense with the requirement of obtaining Board approval under the Companies Act, 2013, wherever applicable.

6.4 Approval of Shareholders

a. All Material Related Party Transactions and subsequent material modifications thereto shall require prior approval of shareholders by way of an ordinary resolution in accordance with Regulation 23(4) of the SEBI LODR Regulations.

b. No Related Party shall vote to approve such resolution, whether the entity is a Related Party to the particular transaction or not, in accordance with Regulation 23(4).

c. The explanatory statement accompanying the notice of the general meeting shall contain the information prescribed under Regulation 23, the applicable SEBI Master Circular and the RPT Industry Standards.

d. The explanatory statement shall specifically provide the commercial rationale and justification for the transaction and demonstrate why the proposed transaction is in the interest of the Company.

e. The Company shall ensure that the information furnished to shareholders enables them to assess whether the terms and conditions of the proposed transaction are not unfavourable to the Company compared with similar transactions between unrelated parties.

f. Where valuation reports or external reports have been relied upon, the same shall be made available to shareholders in accordance with the applicable regulatory requirements.

7. TRANSACTIONS EXEMPTED FROM APPROVAL REQUIREMENTS

The following transactions shall be dealt with in accordance with the exemptions expressly provided under Regulation 23 of the SEBI LODR Regulations and other applicable laws:

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, subject to the conditions prescribed under Regulation 23.

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b. Transactions between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting, subject to the applicable regulatory conditions.

c. Transactions which are specifically exempted under Regulation 23 or any applicable SEBI circular.

d. Transactions specifically excluded from the definition of Related Party Transaction under Regulation 2(1)(zc) of the SEBI LODR Regulations.

e. Other transactions exempted under applicable law.

8. TRANSACTIONS IN THE ORDINARY COURSE OF BUSINESS AND ON AN ARM'S LENGTH BASIS

8.1 The Company shall endeavour to enter into Related Party Transactions in the ordinary course of business and on an arm's length basis, wherever applicable.

8.2 The determination of whether a transaction is in the ordinary course of business shall be based on the nature and business activities of the Company, frequency of similar transactions, commercial necessity, past practices and other relevant factors.

8.3 The determination of whether a transaction is on an arm's length basis shall be supported by appropriate documentation, which may include:

a. Comparable quotations from independent parties.

b. Market price benchmarking.

c. Independent valuation reports.

d. Cost-plus pricing methodology.

e. Industry benchmarks.

f. Other appropriate commercial justification.

8.4 The mere fact that a transaction is in the ordinary course of business shall not automatically establish that it is on an arm's length basis, and vice versa.

8.5 Transactions falling under Section 188 of the Companies Act, 2013 shall be evaluated independently for determining whether they are in the ordinary course of business and on an arm's length basis, for the purpose of determining the applicability of the approval requirements under that section.

9. OMNIBUS APPROVAL OF RELATED PARTY TRANSACTIONS

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9.1 The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature, subject to the conditions prescribed under Regulation 23(3) of the SEBI LODR Regulations.

9.2 The Audit Committee shall satisfy itself regarding the necessity of omnibus approval and that such approval is in the interest of the Company.

9.3 The omnibus approval shall specify:

a. Name of the Related Party.

b. Nature and period of the transaction.

c. Maximum aggregate value of transactions that may be entered into.

d. Indicative base price or current contracted price.

e. Formula for variation in price, if any.

f. Such other conditions as the Audit Committee may deem fit.

9.4 Where the need for a Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval subject to the conditions and limits prescribed under Regulation 23(3).

9.5 Omnibus approval shall not be granted for transactions which are specifically prohibited under applicable law or which do not satisfy the prescribed conditions.

9.6 The omnibus approval granted by the Audit Committee shall be valid for a period not exceeding one year and shall require fresh approval after expiry of such period.

9.7 The Audit Committee shall review the details of Related Party Transactions entered into pursuant to each omnibus approval on a periodic basis.

9.8 Any omnibus approval for a Material Related Party Transaction shall not dispense with the requirement of obtaining shareholders' approval under Regulation 23(4).

9.9 The validity of omnibus shareholders' approval for Material Related Party Transactions shall be governed by Regulation 23(4) and the applicable SEBI circulars, including the provisions relating to validity up to the next AGM, subject to the maximum period prescribed therein.

10. RATIFICATION OF RELATED PARTY TRANSACTIONS

10.1 The Company shall endeavour to obtain prior approval of the Audit Committee and shareholders, wherever required, before entering into any Related Party Transaction.

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10.2 Where a transaction has been entered into without obtaining prior approval due to an inadvertent omission or exceptional circumstances, the matter shall be placed before the Audit Committee for ratification, strictly subject to the conditions prescribed under applicable SEBI LODR Regulations.

10.3 The Audit Committee may consider ratification only where:

a. The transaction is not material under Regulation 23(1).

b. The transaction is within the prescribed limits.

c. The transaction does not involve any circumstances which prohibit ratification.

d. The Audit Committee is satisfied that the transaction is in the interest of the Company.

10.4 The Audit Committee shall also consider whether the transaction was undertaken in good faith, whether the terms are fair and whether any corrective action is necessary.

10.5 Any transaction which cannot be ratified under applicable law shall be dealt with in accordance with the relevant statutory and regulatory provisions.

11. REVIEW AND MONITORING OF RELATED PARTY TRANSACTIONS

11.1 The Audit Committee shall periodically review the status of Related Party Transactions approved by it.

11.2 The Audit Committee shall review the status of long-term Related Party Transactions exceeding one year and recurring Related Party Transactions on an annual basis, in accordance with the applicable SEBI Master Circular.

11.3 The Company shall maintain a centralised record of all Related Party Transactions undertaken during the financial year.

11.4 The finance/accounts department shall periodically reconcile the transactions entered into with Related Parties against the approvals granted by the Audit Committee and shareholders.

11.5 Any deviation from the approved value, nature, tenure or other material conditions shall be reported to the Audit Committee for appropriate consideration and approval before proceeding further, wherever required.

11.6 The Audit Committee may recommend appropriate corrective measures in case of any non-compliance.

12. DISCLOSURES AND REPORTING REQUIREMENTS

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The Company shall ensure compliance with the following disclosure and reporting requirements:

12.1 **Website disclosure**

The Company shall disclose this Policy on its website and provide the web link in the manner prescribed under Regulation 46 of the SEBI LODR Regulations.

12.2 **Half-yearly disclosure of Related Party Transactions**

The Company shall submit disclosures of Related Party Transactions in the prescribed format to the Stock Exchanges and publish the same on its website within the timelines prescribed under Regulation 23(9) of the SEBI LODR Regulations.

12.3 **Annual Report**

The Company shall disclose Related Party Transactions in its Annual Report in accordance with the Companies Act, 2013, applicable accounting standards and SEBI LODR Regulations.

12.4 **Statutory registers and records**

The Company shall maintain statutory registers and records relating to Related Party Transactions, including the registers prescribed under Sections 189 and 188 of the Companies Act, 2013, wherever applicable.

12.5 **Stock Exchange intimations**

The Company shall make all necessary intimations and disclosures to the Stock Exchanges in accordance with applicable provisions of the SEBI LODR Regulations and SEBI circulars.

13. RESPONSIBILITIES

13.1 Board of Directors

The Board shall:

a. Approve this Policy and subsequent amendments thereto.

b. Ensure that appropriate systems and procedures are in place for identifying and monitoring Related Party Transactions.

c. Ensure compliance with applicable regulatory requirements.

13.2 Audit Committee

The Audit Committee shall:

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a. Review and approve Related Party Transactions and subsequent material modifications, wherever applicable.

b. Grant omnibus approvals in accordance with applicable law.

c. Review the fairness and commercial justification of proposed transactions.

d. Monitor the status of approved Related Party Transactions.

e. Review long-term and recurring Related Party Transactions annually.

13.3 Managing Director / Chief Financial Officer / Company Secretary

The concerned officers shall:

a. Ensure identification of Related Parties.

b. Coordinate with departments for obtaining necessary information.

c. Ensure that transactions are placed before the Audit Committee and Board, wherever required, before execution.

d. Maintain records of approvals and disclosures.

e. Ensure timely filing of statutory and regulatory disclosures.

13.4 Directors and KMP

Every Director and KMP shall:

a. Provide complete and timely declarations regarding Related Parties.

b. Intimate changes in their disclosures immediately upon occurrence.

c. Disclose any interest or conflict in proposed transactions.

d. Ensure that no Related Party Transaction is entered into to circumvent applicable statutory requirements.

14. NON-COMPLIANCE

Any transaction entered into in violation of this Policy or applicable statutory and regulatory requirements shall be reported to the Audit Committee and Board, as appropriate.

The Audit Committee and Board shall take necessary corrective measures, including obtaining legal or professional advice, initiating recovery or rectification measures, reporting the matter to the Stock Exchanges and taking other actions as may be required under applicable law.

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Any non-compliance shall be dealt with in accordance with the Companies Act, 2013, SEBI LODR Regulations and other applicable laws.

15. AMENDMENT AND REVIEW OF THE POLICY

15.1 The Board of Directors shall review this Policy at least once every three years and update the same as may be necessary.

15.2 Notwithstanding the above, the Policy shall be reviewed and suitably amended whenever there is a material change in applicable statutory or regulatory provisions.

15.3 Any subsequent amendment, clarification or modification issued by SEBI, the Stock Exchanges, MCA or any other competent authority, which is inconsistent with this Policy, shall prevail over the corresponding provision of this Policy from its effective date.

15.4 The Board may amend this Policy on the recommendation of the Audit Committee or otherwise, subject to applicable law.

16. EFFECTIVE DATE

This Policy shall come into force with effect from April 1, 2026, or such other date as may be applicable to the Company under Regulation 23 of the SEBI LODR Regulations.

The Policy shall be placed before the Board of Directors for approval and shall be uploaded on the Company's website upon approval.

For and on behalf of the Board of Directors

For **Prodocs Solutions Limited**

PRODOCS SOLUTIONS LTD. MUMBAI

Name: Nidhi Parth Sheth
Designation: Managing Director
DIN: 08386886

Date: 29th May 2026
Place: Mumbai