

MADHAV INFRA PROJECTS LIMITED

RELATED PARTY TRANSACTIONS POLICY

(Effective from 01st December, 2015)

1) Preface

The Board of Directors (the “Board”) of Madhav Infra Projects Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Clause 49 amended of the Listing Agreement with the Stock Exchanges in India and Regulation 23 of SEBI (LODR) Regulations, 2015. As Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2) Objectives

This Policy is to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3) Definitions

- i. **“Audit Committee or Committee”** means the Committee of the Board constituted from time to time under the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.
- ii. **“Board”** means the Board of Directors as defined under the Companies Act, 2013.
- iii. **“Key Managerial Personnel”** means Key Managerial Personnel as defined under the Companies Act, 2013 and include Managing Director, Chief Executive Officer, Whole time Director, Manager, Company Secretary and Chief Financial Officer.
- iv. **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.
- v. **“Related Party”** a means related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement and as amended from time to time.

- vi. **“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. A Transactions with Related Party shall be constructed to include single transactions or a group of transactions in a contract.
- vii. **“Relative”** means a relative as defined under the Companies Act, 2013.

4) Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

i. **Identification of Related Party Transactions**

Every Director and Key Managerial Personnel will be responsible for providing a declaration/Notice to the Board or Audit Committee of any potential Related Party Transaction 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 a Related Party Transaction requiring compliance with this policy.

ii. **Prohibitions related to Related Party Transactions**

All Related Party Transactions shall require prior approval of the Audit Committee. However, 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 clause 49 and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

iii. **Review and Approval of Related Party Transaction**

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

The Committee shall take into account all relevant facts and circumstances 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. Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:



- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are fair and on an arm's length basis;
- b. Whether the Related Party Transaction would affect the independence of an independent director;
- c. There are any business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- d. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- e. 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, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.
- f. While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.
- g. All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre - approval / omnibus approval. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.
- h. 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. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

- i. If a related party transaction are, (i) a material transaction as per clause 49, 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.
 - j. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
- iv. Transactions not required to Prior Approval of Audit Committee or Shareholders**
The following Related Party Transactions shall not require prior approval of Audit Committee or Shareholders such as:
- 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) Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
 - c) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

5) Disclosure and Reporting of Related Party Transactions

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction.

6) Limitation

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or Listing Agreement or any other statutory enactments, rules, the provisions of such Companies Act, 2013 or Listing Agreement or statutory enactments, rules shall prevail over this Policy.

7) Amendment

Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Amit Khurana
Chairman and Managing Director