



MADHAV INFRA PROJECTS LIMITED

RELATED PARTY TRANSACTIONS POLICY

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 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.

OBJECTIVES :

This policy is framed as per the provisions of the Companies Act, 2013 (hereinafter referred to as “the Act”) and the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter ‘Listing Regulations’) and intends 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.

DEFINITIONS :

“**Act**” means Companies Act, 2013 read with rules framed thereunder, as amended from time to time.

“**Accounting Standards**” means Indian Accounting Standards as issued by Institute of Chartered Accountants of India.

“**Arm’s Length Transactions**” means a transaction between two Related Parties that is conducted as if they were unrelated.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under the provisions of Listing Regulations and / or the Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Director**” means a Director on the Board of Directors of the Company.



“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013 and include:

- i. Managing Director, Chief Executive Officer, Whole time Director, Manager,
- ii. Company Secretary and
- iii. Chief Financial Officer

“Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“Material Related Party Transaction”

As per Listing Regulations, 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 **rupees one thousand crore or ten per cent** of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.”

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered Material Related Party Transaction(s), if such Related Party Transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceed 5% (five percent)** of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modifications in Related Party Transactions”

Material Modification means 10% of change over the material related party transaction as defined in the SEBI Regulations. The Audit Committee is empowered to make necessary amendment relating to such percentage, as and when deem necessary.

“Policy” means Related Party Transaction Policy

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

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, with effect from 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 immediately preceding financial year; shall be deemed to be a related party

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligation 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:

1. 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;
2. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (a) payment of dividend;
 - (b) subdivision or consolidation of securities;
 - (c) issuance of securities by way of a rights issue or a bonus issue; and buy-back of securities.
3. 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:

“**Relative**” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

Any term(s) not defined in the Policy shall have the same meaning as assigned to such term(s) in the Act and / or the Listing Regulations or any other applicable law or regulation.

POLICY :

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

1. Identification of Potential Related Party Transactions:

Each Director and Key Managerial Personnel are responsible for providing 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. The Board/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/Board has adequate time to obtain and review information about the proposed transaction.

2. Procedure for Approval relating to Related Party Transactions

- 2.1 All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the listed entity and only the members of the audit committee, who are independent directors, shall approve related party transactions.



- a) a related party transaction to which the subsidiary of company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction (whether entered into individually or taken together with previous transactions during a financial year) exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;
- b) with effect from April 1, 2023, a related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction (whether entered into individually or taken together with previous transactions during a financial year) exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary of the Company;
- c) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of these regulations are applicable to such listed subsidiary of the Company.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (c) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity 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 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(ies), 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;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.



- d) The 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.
- e) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

Prior approval of the Audit Committee as aforesaid shall not be required to any related party transaction entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis. "In the ordinary course of business" means all such acts and transactions undertaken by the Company, including but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not a standalone transaction. The Company shall take into account the frequency of the activity and its continuity carried out in a normal organised manner for determination of what is in the ordinary course of business.

- 2.2 Further, all Material Related Party Transactions and subsequent material modifications as defined by the audit committee under regulation 23 (2) of SEBI (LODR) Regulation 2015 shall require prior approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolutions. 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.
- 2.3 In compliance with the Listing Regulations, prior approval of the Audit Committee as per para 2.1 and approval of the shareholders as per para 2.2 shall not be required for any transactions entered into between two Government Companies and any transactions to be entered into by the Company with its wholly owned subsidiary and transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- 2.4 If any transaction with Related Party (ies) is not in the ordinary course of business and/or not at arm's length, then all such transactions:
 - a. will require prior approval of the Audit Committee;
 - b. will require prior approval of the Board; and
 - c. will require prior approval of the shareholders of the Company by resolution if they exceed the threshold limits mentioned u/s 188 of the Act read with Rules.
- 2.5 All Related Party Transactions shall be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.



3. Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of the Audit Committee for review and recommendation for approval to the Board of Directors.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will excuse himself or herself and abstains from discussion and voting on the recommendation / approval of the Related Party Transaction.

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 any other relevant matters.

DISCLOSURES :

- a. The Company is required to disclose Related Party Transactions in the Directors' Report.
- b. Details of all Material Related Party Transactions shall be disclosed quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the Listing Regulations.
- c. The Company is also required to disclose this policy on its website.
- d. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.
- e. The financial statements should contain disclosures relating to Related Parties as required by Indian Accounting Standard.

LIMITATION :

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or SEBI (LODR) Regulation 2015, 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.

AMENDMENT :

Any subsequent amendment / modification in the SEBI (LODR) Regulation 2015, Act and/or applicable laws in this regard shall automatically apply to this Policy.
