



MADHUCON PROJECTS LIMITED

“POLICY ON RELATED PARTY TRANSACTIONS”

1. INTRODUCTION AND PURPOSE:

Madhucon Projects Limited (the "Company") recognizes that certain relationships can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with Company's and its stakeholders' best interests.

The Company must specifically ensure that certain Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, this Policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

As a part of the corporate governance practice, the Board of Directors (the “Board”) of Madhucon Projects Limited has adopted the Policy on Dealing with Related Party Transaction (the “Policy”) and procedures relating thereto. The Policy is framed based on the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and also to comply with the provisions of Section 188 of the Companies Act, 2013 and is intended to ensure the governance, proper approval and reporting of transactions between the Company and its Related Parties.

2. APPLICABILITY:

This Policy is applicable to the Company with effect from October 1, 2014 to regulate transactions between the Company and its Related Parties in compliance with the provisions of the applicable laws, rules and regulations, as amended from time to time.

3. DEFINITIONS:

“**Act**” shall mean the Companies Act, 2013 and Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

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“Arm’s Length Basis/Transactions” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest as defined in explanation (b) to Section 188(1) of the Companies Act, 2013. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

“**Associate Company**” means any other company, in which the Company has a significant influence, but which is not a Subsidiary company of the Company having such influence and includes a joint venture company.

Explanation—For the purposes of this clause, “significant influence” means Control of at least twenty per cent of total share capital, or of business decisions under an agreement.

“**Audit Committee**” or “**Committee**” means “Audit Committee” of the Board of Directors of the Company constituted under the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Section 177 of the Companies Act, 2013.

“**Board of Directors**” or “Board” means the Board of Directors of the Company. “Company” means Madhucon Projects Limited.

“**Key Managerial Personnel**” means Key Managerial Personnel of the Company in terms of Section 2(51) of the Companies Act, 2013 and the Rules made thereunder, i.e.

- (i) The Chief Executive Officer or the Managing Director or the Manager of the Company;
- (ii) The Company Secretary;
- (iii) The Whole Time Director;
- (iv) The Chief Financial Officer;
- (v) Such other officer, not more than one level below the Directors who is in whole time employment, designated as Key Managerial Personnel by the Board; and
- (vi) Such other officer as may be prescribed;

“**Ordinary Course of Business**” means a transaction which is

- (i) carried out in normal course of business envisaged in accordance with the Memorandum of Association (MOA) as amended from time to time; or
- (ii) historical practice with a pattern of frequency; or
- (iii) common commercial practice; or
- (iv) meets any other parameters / criteria as decided by the Board / Audit Committee

“**Policy**” means Policy on dealing with Related Party Transactions of the Company.

“**Related Party**” means related party of the Company in terms of Section 2(76) of the Companies Act, 2013 and the Rules made thereunder, i.e.

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- (i) which is a related party under section 2(76) of the Companies Act, 2013; or
- (ii) which is a related party under the applicable accounting standards.

Provided that any person or entity forming a part of the promoter or promoter group of the Company; or any person or any entity, holding equity shares of 20% or more or of 10% or more (w.e.f. April 1, 2023), or as may be amended from time to time, in the Company 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 under section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows-

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) anybody corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in (vi) and (vii) above shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any body corporate which is—
 - (a) a holding, subsidiary or an associate company of such company; or
 - (b) a subsidiary of a holding company to which it is also a subsidiary;
 - (c) an investing company or the venturer of the Company.
- (ix) A Director (other than an Independent Director) or Key Managerial Personnel of the holding company or his relative with reference to a Company; or
- (x) Such other persons as may be prescribed.

“Related Party Transaction” means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged and as may be defined in the SEBI (LODR) Regulations, 2015, amended from time to time.

“Relatives” means a relative as defined in Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definition Details), Rules 2014 and the SEBI (LODR) Regulations, 2015 and with reference to any person, means anyone who is related to another, if

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or

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(iii) one person is related to the other person as:

- (a) Father (includes step-father)
- (b) Mother (includes step-mother)
- (c) Son (includes step-son)
- (d) Son's wife
- (e) Daughter
- (f) Daughter's husband
- (g) Brother (includes step-brother)
- (h) Sister (includes step-sister)

“Transaction” with a related party shall be construed to include single transaction or a group of transaction.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION:

1. Madhucon (Erstwhile Madhucon Group Companies: All the Companies in Madhucon (Erstwhile Madhucon) Group will be considered as Related Parties.

2. Key Managerial Personnel and connected Related Parties.

Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The Board shall record the disclosure of interest.

The Company shall also identify Related Party Transactions with Directors or Key Managerial Personnel of the Company or their relatives.

3. The Company will identify the potential transactions with the Related Parties.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

AUDIT COMMITTEE:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by a circular resolution. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature along with justification for the same and which are in the ordinary course of business and are at Arm's Length, subject to their value not exceeding Rs.1,00,00,000/- (Rupees One Crore only) per transaction and also subject to the compliance of the conditions as specified in Section 188 of the Companies Act, 2013 and Rules made thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances or emergent situation, the Audit Committee may ratify the said transaction within 3 months of entering in the Related Party Transaction and the Board shall also ratify, consider and approve the same.

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Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction at such interval of time, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transaction.

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 shall not require prior approval of the Audit Committee.

All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company, provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

The omnibus approval shall contain or indicate the following: –

- (a) name of the related parties;
- (b) nature and duration of the transaction;
- (c) maximum amount of transaction that can be entered into;
- (d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
- (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

With effect from April 1, 2022, the following information with respect to related party transaction as specified in the amended regulation shall be placed before the Committee

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);

If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:

- a) details of the source of funds in connection with the proposed transaction;
- b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - ☐ nature of indebtedness, cost of funds and tenure

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- c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- e) Justification as to why the RPT is in the interest of the listed entity;
- f) A copy of the valuation or other external party report, if any such report has been relied upon;
- g) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- h) Any other information that may be relevant

BOARD:

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides 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.

The agenda of the Board Meeting at which the resolution for related party is proposed shall disclose:

- (a) the name of the related party and nature of relationship;
- (b) the nature, duration of the contract and particulars of the contract or arrangement;
- (c) the material terms of the contract or arrangement including the value, if any;
- (d) any advance paid or received for the contract or arrangement, if any;
- (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (g) any other information relevant or important for the Board to take a decision on the proposed transaction

SHAREHOLDERS:

All the material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.]

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution, if so, required under any law and the Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

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The explanatory statement to be annexed to the notice of a general meeting relating to Related Party Transaction shall contain the following particulars namely:-

- a) name of the related party ;
- b) name of the director or key managerial personnel who is related, if any;
- c) nature of relationship;
- d) nature, material terms, monetary value and particulars of the contract or arrangement;
- e) any other information relevant or important for the members to take a decision on the proposed resolution.

With effect from April 1, 2022 following information shall be placed before the shareholders for approval of any related party transaction in addition to the requirements under the Act as above.

- a) A summary of the information provided by the management of the listed entity to the audit committee;
- b) Justification for why the proposed transaction is in the interest of the listed entity;
- c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f) Any other information that may be relevant.

6. MATERIAL RELATED PARTY TRANSACTIONS:

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 rupees one thousand crore or ten percent of the annual consolidated annual turnover as per the last audited financial statements of the Company, whichever is lower.

7. GENERAL PRINCIPLES:

- i) It shall be responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions.
- ii) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- iii) The Audit Committee shall have the following powers with respect to Related Party Transactions:
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.
 - To secure attendance of outsiders with relevant expertise, if it considers necessary
 - To investigate any Related Party Transaction.

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- iv) The CFO of the Company is authorized to issue necessary guidelines/instructions for implementation of this Policy.
- v) The Company while entering into any Related Party Transaction shall ensure that such Related Party Transaction is in the best interest of the Company and adheres to this Policy.
- vi) In the event the Company becomes aware of a Transaction with a related party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by 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 may examine the facts and circumstances of the case and take any such action it deems appropriate.

8. DISCLOSURES:

- (a) Every contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Companies Act 2013 shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- (b) Details of all Material RPTs shall be disclosed quarterly along with the compliance report on corporate governance to be submitted to stock exchanges.
- (c) The Company shall disclose the policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report.
- (d) Name of all related parties, nature of relationships and details of all RPT should be disclosed in the financial statement as per Accounting Standard.
- (e) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party requires approval of the Board.
- (f) The Company shall submit disclosures of related party transaction as required under Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 as amended from time to time after/on the date of publication of its standalone and consolidated financial results, if any, in the format as specified to the stock exchanges and publish the same on its website in specified time limit of that regulation.

9. AMENDMENTS IN LAW:

Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy. Any amendment to this Policy will be in writing.

10. SCOPE LIMITATION:

In the event of any conflict between the provisions of this Policy and of the SEBI (LODR) Regulations / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (LODR) Regulations / the Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

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