

Maxheights Infrastructure Limited

Related Party Transactions Policy

Date of last Revision: April 11, 2019, effective 1 April 2019

Date of latest Revision: February 12, 2022 (proposed), effective 1 April 2022

1. Introduction

Maxheights Infrastructure Limited (hereinafter referred to as MHIL or the Company) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) including any modifications/ amendments thereof.

The Board of Directors of the Company has adopted the following policy and procedures with regard to materiality of Related Party Transactions and also on dealing with them as defined below. This Policy is effective from October, 2014 and being amended from time to time by the Company. This Policy shall be reviewed by the Board of Directors as and when required or at least once in three years and updated accordingly.

The objective of this policy is to regulate transactions between the Company and its Related Parties based on the Companies Act 2013, Listing Regulations and other laws and regulations applicable to the Company. The policy shall be deemed to be amended to the extent of any modification in any term, scope or applicability with effect from the date such changes are made in applicable law or regulation.

2. Definitions

"Act" means the Companies Act, 2013

"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

"Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per

Memorandum & Articles of Association. The Board and Audit Committee may lay down principles for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

“Company” means Maxheights Infrastructure Limited

“Relative” with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder.

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act, rules prescribed thereunder and Regulation 2(1)(zb) of Listing Regulations, Substituted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022:

(a) any person or entity forming a part of the promoter or promoter group of the company; or

(b) any person or any entity, holding equity shares:

(i) of 20% or more; or

(ii) of 10% or more, with effect from April 1, 2023;

in the company either directly or on a beneficial interest basis as provided under section 89 of Act at any time, during the immediate preceding financial year shall be deemed to be a related party.

“Related party transaction” means a transaction involving a transfer of resources, services or obligations between the Company or any of its subsidiaries and a related party of the Company or any of its subsidiaries, regardless of whether a price is charged, including but not limited to the following:

(a) sale, purchase or supply of any goods or materials;

- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) appointment to any office or place of profit in the Company, its subsidiary company or associate company;
- (g) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (h) such other transactions as may be specified in the Act or Listing Regulations.

Effective April 01, 2023, the same is also to include transactions between company 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 company or any of its subsidiaries.

A transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Further, the transactions specifically excluded under the Act or Listing Regulations shall not be considered as related party transactions.

“Material Related Party Transaction” shall mean a transaction which individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Further, a transaction involving payments made 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Subsequent material modifications” to the related party transactions shall mean

- any change in the approved methodology of price computation,

- an increase beyond 10% on the overall approved transaction amount for a Related Party.

“Key Managerial Personnel” shall mean the officers/employees of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed thereunder.

“Employees” shall mean the employees and office-bearers of the Company, including but not limited to Directors.

“Director” means a person as defined in Section 2(34) of the Companies Act, 2013.

“Audit Committee” means the Committee of the Board formed under section 177 of the Act and Regulation 18 of the Listing Regulations.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contracts (Regulation) Act, 1956 or any other applicable regulation.

3. Related party transactions under the policy

Applicability

The Companies Act, 2013 and Listing Regulations cover in its ambit all the dealings and transactions with related parties. Any transfer of resources, services or obligations between the Company or any of its subsidiaries and a related party or any of its subsidiaries (basis the thresholds as defined in the Listing Regulations), will be covered as a ‘related party transaction’, whether or not, there is an element of consideration, price or cash-flow.

Approval Process – Normal

- a. All related party transactions shall be entered into and subsequently modified only including subsequent material modifications within the framework as approved by the Audit Committee in terms of Regulation 23 of Listing Regulations. Based on the terms and conditions of a transaction, and applicable regulatory requirements, the Audit

Committee will have the discretion to recommend / refer it for the approval of Board of Directors or Shareholders.

A related party transaction to which the subsidiary of the Company is a party but the Company is not, shall require the prior approval of the audit committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company.

Additionally, with effect from April 1, 2023, a related party transaction to which the subsidiary of the 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 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

- b. In the event such transaction, contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.
- c. All material related party transactions and subsequent material modifications (as defined above) thereto will require prior approval of the shareholders of the Company. Additionally, related party transactions which are not in the ordinary course of business, or not at arm's length price and exceed certain thresholds prescribed under the Companies Act, 2013 including Rules, shall also require shareholders' approval.

- d. No related party shall vote to approve on shareholders' resolutions whether it is a related party to the particular transaction or not.
- e. The requirement of passing shareholders' resolution shall not be applicable for transactions entered into between the Company and its wholly owned subsidiaries and transactions entered into between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Only those members of the audit committee, who are independent directors, shall approve related party transactions.

- f. The statutory auditors of the Company and / or any independent third party may review the material related party transactions of the Company.

Approval Process - Omnibus

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee may grant omnibus approval in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself that there is a 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 during the year, (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;

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

- d. Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.
- e. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

4. . Transaction at arm's length

The Company has laid out a robust framework to assess whether transactions with related parties are done on arm's length basis. Globally accepted practices and principles have been incorporated in the framework. Tests to determine that transactions are in "ordinary course of business" and on an "arms' length basis" are conducted on an ongoing basis.

5. . Disclosure

- a. All Directors/KMP are required to disclose the parties in which they are interested/deemed to be interested in prescribed form at the time of their appointment, annually and whenever there is any change.
- b. Further, each Director and KMP of the Company shall promptly notify the Secretarial Department of any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

- c. Adequate disclosures of all related party transactions shall be made to the Audit Committee, stock exchanges, published on the Company's website and provided in the Annual Report and/or notice of the annual general meeting of the Company as per the Act and / or Listing Regulations.
- d. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web-link thereto shall be provided in the Annual Report.

6. Whistle blower for any Related Party Transaction entered by Company in non-compliance of such policy

Any officer or employee, can access / approach the vigil mechanism or Compliance Officer to report a fraudulent related party transaction.

7. Guidance Principles for approval of a Related Party Transaction by the Board/Audit Committee thereof

To review a Related Party Transaction, the Board/Audit 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. In determining whether to approve a Related Party Transaction, the Board/Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a. Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction would impair the independence of an otherwise Independent Director or Nominee of a Director;

d. Whether the Related Party Transaction would present an improper conflict of interest for any Director, Nominee for Director or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, Nominee for Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's Nominee, Executive Officer's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factor, the Board/Committee deems relevant.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case where either the Board/Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Board/Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board/Committee has authority to modify or waive any procedural requirements of this Policy.

9. Consequences of non-compliance of such policy for any Related party transaction

Non-compliance of this Policy may lead to initiation of disciplinary proceedings against the Employee/Director. Details of such disciplinary proceedings will form part of the personal file of such personnel and will be considered as a default on his or her key responsibilities.

The above would be over and above the prescribed penal consequences under the Companies Act, 2013 and the Listing Regulations.

10. Limitation and Amendments

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

ADOPTED AT THE MEETING OF AUDIT COMMITTEE HELD ON FEBRUARY 12, 2022