



MBL INFRASTRUCTURE LTD

***POLICY ON MATERIALITY OF RELATED
PARTY TRANSACTIONS
AND
DEALING WITH RELATED PARTY
TRANSACTIONS***





POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

1) SCOPE AND PURPOSE OF THE POLICY

In terms of the requirement of the Companies Act, 2013 read with rules made thereunder and SEBI (LODR), Regulations, 2015 amended from time to time, on the recommendation of the Audit Committee, the Board of Directors in its meeting held on 14/02/2022 has adopted policy on materiality of Related Party Transactions and dealing with Related Party Transactions. Going forward, the Audit Committee would review and amend the Policy once in every three years, subject to the approval of the Board, unless there is a change in applicable regulations and/or in business conditions affecting the Company/its subsidiaries, which requires an earlier change to the Policy.

2) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions (b) define material modification and (c) the manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI (LODR) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

3) DEFINITIONS

All capitalized terms used in this policy document but not defined herein shall have the meaning ascribed to such term in the Companies Act, 2013 and the Rules framed there under and the SEBI Listing Regulations, as amended from time to time.

Material modification: "Material modification" means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary course and/or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.

4) MATERIALITY THRESHOLDS

The Board of Directors has determined a transactions with a related party to be concerned as material in nature of the transaction(s) to be entered into individually as taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of MBL as per latest audited financial statements of MBL.

5) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

In dealing with Related Party Transactions, the Company will follow the following approach:

- a) Identification of related parties: MBL has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and SEBI (LODR) Regulations, 2015 and for this purpose, the Company may seek external professional opinion, if necessary.



b) Identification of related party transactions: MBL has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and SEBI (LODR) Regulations, 2015. MBL has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis.

c) Procedure for approval of related party transactions:

(I) Approval of Audit Committee

- (a) Approval of the Audit Committee: All related party transactions require prior approval of the Audit Committee.
- (b) Only members of the Audit Committee, who are independent directors, shall approve related party transactions.
- (c) A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 listed entity
- (d) With effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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;

(II) Omnibus approval: the Audit Committee may grant omnibus approval for transactions of repetitive nature and such transactions are in consent of the Company.

➤ The Omnibus approval shall provide-

- (i) The name/s of the related party, 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.

➤ However, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

➤ The 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;

➤ Such omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.



- (III) In the event any transactions with related party is met in ordinary course of business are at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and rules framed thereunder and obtain approval of Board or Shareholders, as applicable, for such contract or agreement.
- (IV) All material Related Party Transactions and subsequent material modifications as defined by the Audit Committee, other than those with wholly owned Subsidiary Company and transactions entered into between two wholly-owned subsidiaries of the listed holding company, will be placed for prior approval of Shareholders of the Company.
- (V) The Notice being sent to the shareholders seeking approval of the shareholders for any proposed related party transactions shall, include information as required under the Companies Act, 2013 and SEBI Listing Obligations.

6) DISCLOSURES

- a) MBL shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.
- b) The Company shall also provide details of all Related Party Transactions exceeding the materiality threshold on quarterly basis to the Stock Exchanges along with compliance report on corporate governance pursuant to Listing Obligations.
- c) Disclosure regarding Related Party Transactions and transactions with them are made in Financial Statement as per requirements of relevant Accounting Standards and listing Regulations.
- d) The Company shall submit within the timelines prescribed under Regulation 23(9) of the Listing Regulations, disclosures of related party transactions on a consolidated basis, in the format specified by SEBI from time to time and publish the same on its website

7) AMENDMENTS TO THE POLICY

- a) The amendment to this Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee and shall be effective from April 1, 2022.
- b) In case of any amendment (s), classification(s), circular(s) etc. amend by the relevant authorities are not consent with the provisions laid down under the Policy, then such amendment (s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and the policy shall stand amended accordingly from the effect the date as laid down under such amendments, clarifications, circulars etc.

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