



MADHAV COPPER LIMITED

POLICY FOR DETERMINING THE MATERIAL RELATED PARTY TRANSACTIONS

MADHAV COPPER LIMITED

(CIN: L27201GJ2012PLC072719)

**Registered office: Plot No.2107/D, Office No.203, 2nd Floor D & I Excelus, Waghawadi Road,
Bhavnagar – 364001, Gujarat, India Phone No: +91 278 3001034**

Email: *info@madhavgcopper.com; cs@madhavgcopper.com*

Website: *www.madhavgcopper.com*

POLICY FOR DETERMINING THE MATERIAL RELATED PARTY TRANSACTIONS

1. INTRODUCTION

Madhav Copper Limited (“Company”) is governed, amongst others, by the rules and regulations framed by the Securities Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on the materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Accordingly, the Company has formulated this policy (Policy) on the materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties (as defined below).

The Board of Directors of the Company (“Board”) on the recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the Policy at least once in every three years and may amend the same from time to time

2. OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with Section 177, 184 and 188 of the Companies Act, 2013, read with rules there under and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 and applicable laws 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

- **“The Act”** shall mean the Companies Act, 2013 and includes any amendment thereof.
- **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof.
- **“Related Party Transaction” or “RPT”** means transactions as given under

“Related Party Transaction” shall mean the Transactions covered under related party as per sec. 188 of Companies Act, 2013, and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations and amendments thereto, which reads as under:

- (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) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

Provided that the following shall not be a related party transaction:

- a. 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;
- b. the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. the payment of a dividend;
 - ii. sub division or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

Further the Related Party Transactions approved by other statutory board committees within their terms of reference viz. Nomination & Remuneration Committee, CSR Committee and Stakeholders Relationship Committee, if any, shall be deemed to have the approval of the Audit Committee from the RPT perspective, and the same need not be approved by the Audit Committee once again except if specifically mentioned in the terms of reference of the Audit Committee.

“Material Related Party Transactions” means 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 INR 1000 Crore or 10% of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Companies Act, 2013.

Provided that in case of any amendment to the Act or Listing Regulations, the definition of Material Related Party Transactions will be deemed to be changed without any further approval of the Audit Committee or Board. A transaction involving payment made to a related party with respect to brand usage or royalty, exceeding *5% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.

- **“Material modifications”** means any modifications to the material related party transactions which were approved by the Audit Committee or Shareholders during the year which will change the complete nature of the transaction and in case of monetary thresholds which is in excess of 10% of the originally approved transaction, in case of exigencies only.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

- **APPROVAL OF AUDIT COMMITTEE:**

All the related party transactions and subsequent material modifications which shall require prior approval of the Audit Committee, only those members of the audit committee, who are independent directors, shall approve related party transactions.

The Audit Committee will take into account the following considerations while dealing with the RPTs:-

1. Nature of relationship with the related party;
2. Nature, material terms and conditions, monetary values, and particulars of the contract or arrangement;
3. Method and manner of determining the pricing and other commercial terms;
4. Whether the transaction is at arm's length; and
5. Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
6. 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);
Tenure of the proposed transaction (particular tenure shall be specified);

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

- i. details of the source of funds in connection with the proposed transaction;
- ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
 - a.) nature of indebtedness
 - b.) cost of funds; and
 - c.) tenure;
- iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security;

and

- iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- 7. Justification as to why the RPT is in the interest of the listed entity;
- 8. A copy of the valuation or other external party report, if any such report has been relied upon;
- 9. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and vote on the approval of the related party transaction. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

- **OMNIBUS APPROVAL BY AUDIT COMMITTEE:**

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 the Act and Listing Regulations 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.

As per Section 177 read with Rule 6A of the Act and as per Regulation 23 (3) of Listing Regulations:

All related party transactions shall require approval of the Audit Committee and the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely:

1. The Audit Committee shall consider the following criteria while granting the omnibus approval with respect to Related Party Transactions, namely:
 - a. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - b. the maximum value per transaction which can be allowed;
 - c. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - d. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus

- approval made;
- e. transactions which cannot be subject to the omnibus approval by the Audit Committee.
 - f. Repetitiveness of the transactions(in past or in future);
 - g. Justification for the need of omnibus approval.
2. The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
 3. The omnibus approval shall contain or indicate the following:-
 - a. Name of the related parties;
 - b. Nature and duration/period 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:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

- I. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- II. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

● **APPROVAL OF THE BOARD OF DIRECTORS:**

In case any Related Party Transactions are referred by the Audit Committee to the Board for its approval due to the transaction being (i) not in the ordinary course of business, and/or (ii) not at an arm's length price, the Board will consider such factors as, the name of the related party and nature of relationship, the nature, duration of the

contract and particulars of the contract or arrangement, the material terms of the contract or arrangement including the value, if any, any advance paid or received for the contract or arrangement, if any, the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract, 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 any other information relevant or important for the Board to take a decision on the proposed 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 recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

In case of transaction, other than transactions referred to in section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board for approval.

If prior approval of the Board of Directors or Shareholders has not been taken, then such transaction need to be ratified within 3 months of the date of contract/arrangements.

- **APPROVAL OF THE SHAREHOLDERS**

If a Related Party Transaction is (i) all material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2) of Regulation 23 of the Listing Regulations, and/or (ii) not in the ordinary course of business, and/or not at arm's length price and exceeds certain thresholds prescribed under the Act, it shall require shareholders' approval by a resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not, the explanatory statement to be annexed to the notice of general meeting convened shall contain such particulars namely name of the related party, name of the director or key managerial personnel who is related, if any, nature of relationship, nature, material terms, monetary value and particulars of the contract or arrangements and any other information relevant or important for the members to take a decision on the proposed 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.

5. RATIFICATION

Any Related Party Transaction entered into without obtaining the prior approval of the Audit/ Board/ Shareholders(respective authority/ies) may be ratified, subject to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, if post review

of the said transaction / contract, the appropriate authority is satisfied, that the said Related Party Transaction is not detrimental to the interest of the Company, however, the appropriate authority may also ratify such transaction or contracts, with or without the modification(s).

If the appropriate authority decides, not to approve a particular transaction, it may require the Related Party to reimburse the benefits which might have accrued to it and/ or indemnify the Company with regard to the subject Related Party Transaction which is not approved by the appropriate authority.

However the Related Party transaction which are entered into without the approval of the appropriate authority and subsequently not ratified by the appropriate authority, the applicable provisions of the Companies Act, 2013 and Listing Regulations, shall apply.

6. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Appropriate disclosures as required under the Act and Listing Regulations shall be made in the Annual Return, Directors Report and to the Stock Exchanges.

7. AMENDMENTS TO THE POLICY

The Board of Directors on its own and/or as per the recommendations of the Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy are subject to revision/amendment in accordance with the Rules, Regulations and Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities found inconsistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.