



# **MEP INFRASTRUCTURE DEVELOPERS LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

## 1. PREAMBLE

MEP Infrastructure Developers Limited (the “Company”) is the holding company of the MEP group of Companies. We are an established and leading player in tolling operations in the road infrastructure sector, with a pan-India presence. We focus on pure toll collection projects, Hybrid Annuity Projects as well as OMT projects, awarded to us by statutory corporations or government companies primarily being National Highways Authority of India (NHAI), Maharashtra State Road Development Corporation Limited (MSRDC), Rajasthan State Road Development & Construction Corporation Limited (RSRDC), Road Infrastructure Development Company of Rajasthan Limited (RIDCOR), Mumbai – JNPT Port Road Company Limited (MJPRCL) and Hooghly River Bridge Commissioners (HRBC) which involve maintenance obligations in addition to toll collection on operational roads (including highways) constructed by third parties.

To comply with the terms of the Contract awarded by the Statutory Corporations or government (Regulatory Authorities), the Company is required to float an SPV through which the projects awarded to the Company are executed.

The SPV’s being newly incorporated Companies are required to undertake the maintenance work activities for roads under our OMT projects awarded by NHAI and MSRDC. We believe that developing specialized in-house capabilities in maintenance activities would reduce dependence on sub-contractors, thereby avoiding risks and minimizing costs associated with sub-contracting. The Company & its Wholly Owned EPC arm i.e. MEP Highway Solutions Private Limited who have these pre-requisites & resources, usually utilise to implement the projects awarded to the Subsidiaries including operations (to some extent) & maintenance, having the liberty to undertake the same in-house or by entering into an agreement with other sub-contractors for timely and speedy completion of their obligation(s).

Taking into consideration the Group Structure and the Business model of the Company, the Board of Directors (the “Board”) of 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 rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Going forward, the Audit Committee would review and make the necessary amendments, from time to time, to the Policy, if any, and such recommendations shall be considered by the Board.

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.

## 2. PURPOSE

Considering the Group Structure, the Board recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof. Therefore it is pertinent that the Board has adopted this Policy to ensure that all Transactions with Related Parties shall be subject to this policy and approval or ratification can be minimised in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, approval and reporting of such Related Party Transactions.

**3. EFFECTIVE DATE**

This Policy shall become effective from the date of its adoption by the Board.

**4. OBJECTIVE**

The objective of this policy is to set out

- (a) the materiality threshold for the related party transactions and
- (b) the manner of dealing with the transactions between the Company and its related party based on the prevailing act, rules framed there under, relevant clauses of listing agreement and any other laws and regulations as may be applicable from time to time.

**5. DEFINITIONS**

The definitions of some of the key terms used in this Policy are given below. Capitalised terms not defined herein shall have the meaning assigned to them under the code:

<b>Term</b>	<b>Description</b>
“Applicable Law”	means the Companies Act, 2013 and the rules made thereunder, the SEBI (LODR) Regulations and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
“Audit Committee” or “Committee”	means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.
“Arm’s Length Transaction (ALP)”	means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
“Board” or “the Board”	means the Board of Directors as defined under the Companies Act, 2013.
“Compliance Officer”	means an officer of the Company as appointed by the Board.
“Key Managerial Personnel”	means (i) the Chief Executive Officer or the Managing Director or the Manager; (ii) the Company Secretary; (iii) Whole-time director; (iv) the Chief Financial Officer and such other officer as may be described
“Material Related Party Transaction”	means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or SEBI (LODR) Regulations, whichever is stricter, from time to time.

Term	Description
“Ordinary Course of Business”	<p>means a transaction which is</p> <ul style="list-style-type: none"> <li>✓ carried out in normal course of business envisaged in accordance with the Memorandum of Association (MOA) as amended from time to time or</li> <li>✓ historical practice with a pattern of frequency or</li> <li>✓ common commercial practice or</li> <li>✓ meets any other parameters / criteria as decided by the Board / Audit Committee.</li> </ul>
“Related Party”	<p>means as defined under the Companies Act, 2013 read with SEBI(LODR) Regulations and as amended from time to time.</p> <p>(Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party”.)</p>
“Related Party Transaction”	<p>means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –</p> <ul style="list-style-type: none"> <li>✓ Sale, purchase or supply of any goods or materials;</li> <li>✓ Selling or otherwise disposing of, or buying property of any kind;</li> <li>✓ Leasing of property of any kind;</li> <li>✓ Availing or rendering of any services;</li> <li>✓ Appointment of any agent for the purchase or sale of goods, materials, services or property;</li> <li>✓ Such Related Party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;</li> <li>✓ Underwriting the subscription of any securities or derivatives thereof, of the Company;</li> <li>✓ Financing (including loans and equity contributions in cash or kind);</li> </ul>
“Relatives”	<p>shall have the same meaning as assigned to it under Section 2 (77) of the Companies Act,2013 and the Rules made thereunder and the SEBI (LODR) Regulations with reference to any person, means any one who is related to another, if</p> <ul style="list-style-type: none"> <li>➤ they are members of a Hindu Undivided Family;</li> <li>➤ they are husband and wife; or</li> <li>➤ they are related to another in the following manner: <ul style="list-style-type: none"> <li>a. Father (including step-father)</li> <li>d. Mother ( including step-mother)</li> <li>c. Son ( including step-son)</li> <li>d. Son’s wife</li> <li>e. Daughter (including step-daughter)</li> <li>f. Daughter’s husband</li> <li>g. Brother ( including step-brother)</li> <li>h. Sister (including step-sister)</li> </ul> </li> </ul>

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:

- ❖ Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of Companies Act 2013, in connection with his or her duties to the Company or any of its Subsidiaries or Associates, including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.
- ❖ Indemnification and advancement of expenses made pursuant to the Company's Certificate of Incorporation or pursuant to any agreement or bylaws of the Company.
- ❖ Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- ❖ Any transaction which is in the Ordinary Course of Business and on an Arms' Length Basis as determined in terms of this Policy.
- ❖ Any transaction 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. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and must be approved in advance by the Audit Committee.

## **POLICY**

### **I. Procedures for review and approval of Related Party Transactions**

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

All proposed Related Party Transactions must be reported to the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode for prior approval in accordance with this Policy. In the case of frequent/regular/repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval, details whereof are given in a separate section of this Policy.

- (i) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
- ❖ 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.
  - ❖ The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
  - ❖ Provided that where the need for Related Party Transaction cannot be foreseen, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1,00,00,000/- (Rupees One Crore only) per transaction.

- ❖ 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.
  - ❖ Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year"
- (ii) The Audit Committee will also undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require further approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.
- (iii) If the Board is of the view that the Related Party Transaction needs to be approved by the shareholders at the General Meeting by way of a special resolution pursuant to Applicable Law, the same shall be put up for approval by the shareholders of the Company. In addition to this, the Company shall update to the exchanges the Related Party Transaction(s) Statement within 30 days from the end of each Board Meeting wherein the half yearly/yearly financial results shall be discussed & approved by the Board.
- (iv) If prior approval of the Audit Committee / Board / shareholders at the General Meeting, for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / at the General Meeting of the shareholders, if required, within 3 months of entering in the Related Party Transaction.
- (v) In any case where either the Audit Committee / Board / shareholders at the General Meeting determine not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the shareholders at the general meeting, 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 Audit Committee/Board has authority to modify or waive any procedural requirements of this Policy.
- (vi) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (vii) No Director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director/Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.
- (viii) If a Related Party Transaction will be ongoing, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board / Audit Committee, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, the Listing Regulations and this Policy and that the Related Party Transaction remains appropriate.

- (ix) In addition, the Audit Committee / the Board may review any Related Party Transactions involving Independent Director(s) as part of the annual determination of their independence.
- (x) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

## **II. Standards for Review**

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee / Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- (i) the Related Party's interest in the Related Party Transaction;
- (ii) the approximate amount involved in the Related Party Transaction;
- (iii) whether the Related Party Transaction was undertaken in the Ordinary Course of Business of the Company;
- (iv) whether the transaction with the Related Party is proposed to be, or was, entered on an Arm's Length Basis;
- (v) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (vi) 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;
- (vii) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction and
- (viii) Whether the Related Party Transaction would impair the independence of an otherwise Independent Director or nominee for Director;
- (ix) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company; and
- (x) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee / Board deems relevant.
- (xi) required statutory and public disclosure, if any; and
- (xii) any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board / Shareholders, as applicable, in light of the circumstances of the particular transaction.

The Audit Committee / Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.



### III. Determination of Ordinary Course of Business

“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 permitted by the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the ordinary course business.

### IV. Determination of Arms’ length nature of the Related Party Transaction

#### (i) Price Determination

At the time of determining the arms’ length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (a) Permissible methods of arms’ length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.
- (b) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

#### (ii) Underwriting and Screening of arms’ length Related Party Transaction

- (a) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party.
- (b) The Compliance Officer shall produce evidence, if necessary, to the satisfaction of the Audit Committee for having applied the said procedure.

#### (iii) Related Party Transaction limits:

- (a) The Related Party Transaction must be within the lower of the following transaction limits with respect to any Related Party:
  - 1. Limits on Material Related Party Transactions; and
  - 2. Expected transaction volumes based on past transactions with Related Parties using linear rate of growth as evidenced by past data.
- (b) Credit limits extended to the Related Party must be usual as for unaffiliated parties.

If the Audit Committee is of the opinion that the Related Party Transaction meets the aforesaid criteria of the Ordinary Course of Business **and** the Arms’ Length nature, the Related Party Transaction will not be treated as a Related Party Transaction for the purpose of this Policy.



## **V. Identification of Potential Related Party Transactions**

- (i) Each Director / Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer, in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- (ii) Every Director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (iii) Where any Director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.
- (iv) A contract or arrangement entered into by the company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- (v) In addition, each Director / Key Managerial Personnel is required to complete a questionnaire in connection with the disclosures about their Relatives and any current, past and proposed Related Party Transactions.
- (vi) Any Director / Key Managerial Personnel who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel, as the case may be.
- (vii) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matters incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances, however.

## **VI. DISSEMINATION / DISCLOSURES OF POLICY**

- (a) The Company is required to disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.
- (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 SEBI (LODR) Regulations.
- (c) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

## **VII. AMENDMENT**

- (a) This policy shall stand amended in terms of the Companies Act, 2013, the rules made there under, and SEBI (LODR) Regulations, as amended from time to time. The Board or the Audit Committee may review and amend this policy from time to time.
- (b) Any amendment to this policy will be in writing.

## **VIII. 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 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.