

POLICY ON
RELATED PARTY TRANSACTIONS
CMM INFRAPROJECTS LIMITED

1. Introduction

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

The Company must specifically ensure that certain related party transactions (as defined below) are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

Therefore, Board of Directors (the "Board") of CMM Infraprojects Limited (the "Company") has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee shall review and may amend this policy from time to time.

2. Purpose

This policy is framed as per requirement of Regulation 23 (1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also to comply with the provisions of the Companies Act, 2013 read with Rules made there under and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

- i. "**Act**" means the Companies Act, 2013 and Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

"**Policy**" means related party transaction Policy.

- ii. "**Audit Committee**" means a Committee constituted by the Board of Directors of the Company in accordance with the relevant clauses of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013, as may be amended from time to time.

- iii. "**Board**" means the Board of Directors of the Company.

- iv. "**Company**" means CMM Infraprojects Limited.

v. "Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes

- a. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time director;
- b. Company Secretary; and
- c. Chief Financial Officer

vi. "Related Party"

The term "Related Party" means an entity which is a related party as per Section 2(76) of the Companies Act, 2013 or such entity(ies) which is a related party as provided under the applicable accounting standards or such other person as is a related party as per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

vii. Related party transaction

"Related Party transaction" means a transfer of resources, services or obligations between a listed entity and a related party, regardless of whether a price is charged and a "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

5. Identification of potential related party transactions

Each director and Key Managerial Personnel is responsible for providing Notice to the Board of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

6. Review and Approval of Related Party Transactions

The proposed Related Party Transactions shall be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in such Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee shall 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 to the Related Party, and any other relevant matters. The information provided shall specifically cover the following:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. 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
- vii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

In determining whether to approve a Related Party Transaction, the Committee shall consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- ✓ Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ✓ Whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- ✓ Whether the Related Party Transaction would affect the independence of the directors/key managerial personnel;
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ Whether the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- ✓ Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

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

7. Approval of the Board and the shareholders

The Audit Committee shall report all "Material Related-Party Transactions" to the Board of Directors. The Company shall also seek shareholders' approval for "Material Related-Party Transactions" in the subsequent general meeting of the year in which the Related-Party Transaction is undertaken or by postal ballot process. The resolution shall be an ordinary resolution and the related parties (if any) shall abstain from voting on such resolution.

In case of transactions which are not in ordinary course of business or not at arm's length, Board approval will be required. In case these are material transactions prior approval of shareholders by a resolution will be required as per the requirements of the Companies Act 2013 and such Related Parties shall abstain from voting on such resolution as per the provisions of the applicable law.

The explanatory statement to be annexed to the notice of a general meeting, where an ordinary resolution is to be passed for approving a 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

8. TRANSACTIONS AT ARM'S LENGTH

The Company has laid down a framework to assess whether transactions with related parties are done at an arm's length and company adopts generally accepted practices and principles in determining whether the transaction is at "arms' length".

9. Omnibus Approval from Audit Committee

All related party transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered by the Company subject to the following conditions:

- 1) The Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- 2) The Committee should satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- 3) Such omnibus approval shall specify:
 - a) Name/s of the Related Party
 - b) Nature of transaction
 - c) Period of transaction
 - d) Maximum amount of transactions that can be entered into
 - e) The indicative base price/ current contracted price and formula for variation in price, if any
 - f) Other conditions which the Committee deems fit.
- 4) Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Committee can give omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction. The Committee will review at least on a quarterly basis, the details of all related party transactions entered into by the Company pursuant to each of the omnibus approval given.
- 5) Such omnibus approvals shall be valid for a period of not exceeding one year and shall require fresh approvals after expiry of one year.

10. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party 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 shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action, it deems appropriate.

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

11. General Principles

- It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders including abuse in related party transactions.
- 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.
- The Audit Committee shall have the following powers with respect to related party transactions:
 1. To seek information from any employee
 2. To obtain outside legal or other professional advice.
 3. To secure attendance of outsiders with relevant expertise, if it considers necessary.
 4. To investigate any related party transaction.
- The Company while entering into this transaction shall ensure that such related party transaction is in the best interest of the Company and adheres to this Policy.

12. Disclosure

Disclosure shall be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as part of Boards' Report.

The Company shall also disclose the details of all material Related Party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

13. Policy Review

This Policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

14. Policy Severable

This Policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this Policy being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this Policy and shall be of no force and effect, and this Policy shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.