

POLICY AND PROCEDURES FOR THE RELATED PARTY TRANSACTIONS (RPT) AND
POLICY ON MATERIALITY OF RPTs.

1. Overview:

Madhusudan Industries Limited (the “Company”) has established and adopted this Policy for the Related Party Transactions (‘RPT’) pursuant to the provisions of Section 188 of the Companies Act, 2013 (“the Act”) read with The Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), hereinafter referred to as Regulations and amendments made thereto on time to time.

This Policy and Procedure regarding RPTs (“Policy”) describe the process for identifying and approval or ratification of the RPTs including any modification thereof as well as establishing certain reporting requirements.

2. Scope, Applicability & Definitions:

This Policy applies to all the transactions of the Company with the Related Parties as specified in Section 188 of the Companies Act, 2013 and the Company’s (Meeting of Board and its Powers) Rules, 2014 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modification made thereon from time to time. This policy is intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

3. Policy Statement:

- I. The Company and its Officers shall not enter into any RPT unless such transaction is in the Ordinary Course of Business and on an Arm’s Length Basis and/or a Transaction within the “RPT Framework”
- II. The RPT Policy and RPT Framework will be reviewed, amended and approved from time to time, as the case may be, by the Audit Committee or the Board of Directors or the Shareholders of the Company.
- III. Subject to the compliance with the RPT Policy and RPT Framework, all RPTs of the Company are to be approved by the Audit Committee of the Company and/or Board of Directors of the Company.

4. Definitions:

(1)	Act	Means the Companies Act, 2013 along with enactments made thereunder from time to time
(2)	Related Party	“related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable Accounting Standards and as per provision of SEBI LODR as amended from time to time.
(3)	Relative	in relation to a Related Party is as defined in Section 2(77) of the Act and Companies (Specification of Definitions Details) Rules, 2014 and revisions which may take place in the said enactments from time to time.
(4)	Key Managerial Personnel (KMP)	shall mean Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.

(4)	Initiator of RPT	means: (a) a person being not below the rank of KMP is responsible to initiate the RPT process under this Policy in conformity with RPT Framework (b) the responsibility to consult the RPT Policy and RPT Framework vests with each Functional Head of the Company.
(5)	Related Party Transactions (RPT)	Such transactions as specified under Section 188 of the Act or rules made thereunder and the SEBI (LODR) including any amendment or modification thereof, as may be applicable.
(6)	Exempt RPT	is a RPT/s which is covered under the RPT Framework and will be considered as the Exempt RPT/s under Section 188 of the Act and The Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (LODR).
(7)	Non Exempt RPT	is a RPT : - Falling outside the scope of the RPT Framework and /or - Which are not in the Ordinary Course of Business and / or not on an Arm's Length basis will be considered as the Non - Exempt RPT and shall be liable for the compliance requirement prescribed under this Policy
(8)	Board of Directors or Board	means the collective body of the Directors of the Company
(9)	Audit Committee	means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 Act and SEBI (LODR)
(10)	Assessors	Chief Executive Officer('CEO'), Chief Financial Officer('CFO'), Company Secretary ('CS'), or any other Functional Head or person designated as the Assessor (collectively referred to as "the Assessors"). Each RPT shall be assessed by at least one Assessor.
(11)	Competent Authority	Audit Committee, Board of Directors, Shareholders are jointly and/or severally referred to as the Competent Authority
(12)	"Material modifications"	A change, amendment or waiver in any terms and condition of the transaction that leads to change in nature of transaction or parties to the transaction or having more than 20 percent impact on total value of transaction
(13)	Arm's length transaction"	A transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
(14)	Ordinary course of business	Usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum and Articles of Association.

5. Interpretation of the Policy:

In this Policy singular expression shall include the plural thereof. This Policy shall be interpreted and administered by or under the direction of the Audit Committee, which shall have the authority to construe, interpret, implement, amend, modify, delegate, review or restate this Policy

- All RPTs shall be placed before the Audit Committee and/or Board of Directors.

6. Identification of the Related Parties:

- I. On an annual basis, the CS shall request a disclosure from each Director and KMP, their concern or interest in any Company or Companies or bodies Corporate (including shareholding interest), firms or other association of Individuals, in the prescribed format.
- II. Directors and KMPs would be responsible for promptly notifying the CS in case of any changes / updates occur in their concern or interest declared by them as per referred in 6 (i) above.
- III. Any individual appointed/elected as a director or KMP shall be responsible to promptly complete and submit to the CS, the Disclosure referred in 6 (i) above.
- IV. The CS shall be responsible to maintain the updated list of Related Parties based on the disclosures received from them.
- V. Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

7. RPT Framework:

- I. The Board of Directors of the Company will approve the RPT Framework and delegate the same to the Audit Committee which will regulate the RPTs falling within this Policy and such RPTs will be approved by the Audit Committee and/or Board of Directors in accordance with the RPT Policy and RPT Framework.
- II. All related party transactions and subsequent material modifications as per the Act and Listing Regulations as amended from time to time shall require prior approval of the Audit Committee.
- III. The Board of Directors of the Company in its discretion may seek approval of the Shareholders of the Company for the RPT Framework as and when required.
- IV. Subject to the applicable provision of the Act and the SEBI LODR, a RPT to which a subsidiary company 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 exceeds the limits prescribed under the Act or the SEBI LODR;

8. Material Related Party Transactions:

A transaction with a related party if the transaction /transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1,000 crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Provided 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(s) 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

All material Related Party Transactions (other than transactions entered into by the company with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval) shall require approval of the shareholders through appropriate Resolution.

9. Notification, Approval, Rejection of a RPT :

(i)	Notification of RPT	<p>(a) No RPT shall be executed by the Company unless such RPT is covered within the scope of the approved RPT Framework.</p> <p>(b) If rejected, any such RPT shall not be proceeded with and shall be subjected to the approval from Board of Directors and the Share Holders of the Company as the case may be.</p>
(ii)	Preliminary Assessment of RPTs	<p>(a) If in the opinion of any of the Assessors the intended transaction is not exempt RPT, such transaction will be referred back to the Initiator with reasons thereof.</p> <p>(b) If in the opinion of the Assessor, the intended transaction is exempt RPT, such transaction will be referred to the Audit Committee/Board of Directors for approval.</p> <p>(c) If in the opinion of any of the Assessor, the intended transaction is not an Exempt RPT, such transaction shall be referred to the Audit Committee/Board of Directors for review and further directions.</p> <p>(d) The Initiator, Assessors and Audit Committee shall respond to RPT approval requests within a time frame.</p>
(iii)	Approval of the RPTs	<p>The Audit Committee , upon receipt of the views from the Assessor, shall review the RPT and comments of the Assessor and may take the following actions :</p> <p>(a) Approve the RPTs for execution</p> <p>(b) Send the RPT back for seeking additional justification or substantiation ;</p> <p>(c) Reject the RPT;</p> <p>(d) Recommend the RPT for approval of, Board of Directors or Shareholders as the case may be.</p>

10. Procedure for Approval of the Non-Exempt RPT:

- I. The Assessor will refer all non-exempt RPT to the Audit Committee for assessment and approval
- II. The Audit Committee will review and assess the said Non Exempt RPT and if the RPT is found :

Exempt	Approve the RPT for execution
Non Exempt	Recommend to the Board of Directors for further direction and Compliance

11. Ratification of the RPT :

- I. RPTs entered into inadvertently or accidentally without the approval of the Competent Authority needs to be ratified within three months or next Board meeting from the date of the execution of the said RPT by the Board/Shareholders of the Company, as the case may be.
- II. If such RPTs are not ratified by the Board/Shareholders of the Company as the case may be, such transaction shall be *void ab initio* and not binding on the Company.

12. Threshold limits for approval of RPT

Sectoral Threshold Limit

Sr. No.	Nature of Transaction(s)	Monetary Ceiling for transaction(s) during a financial year per related party
1	Sale, purchase or supply of any goods or materials or services directly or through appointment of agent	amounting to ten percent or more of the turnover of the Company as per the last audited financial statements of the Company.
2	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	amounting to ten percent or more of net worth of the Company as per the last audited financial statements of the Company
3	Leasing of property of any kind	amounting to ten percent or more of the turnover of the Company as per the last audited financial statements of the Company
4	Availing or rendering of any services, directly or through appointment of agent	amounting to ten percent or more of the turnover of the Company
5	Such related party's appointment to any office or place of profit in the Company or subsidiary company or associate company	at a monthly remuneration of two and a half lacs rupees
6	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	exceeding one percent of the net worth of the Company as per the last audited financial statements of the Company
7	Other related Party Transactions in the normal course of business	Such other transactions as would be required by the approval of the Audit Committee and/or Board of Directors

The approval of Board of Directors and Shareholders required for related party transactions (RPT) have been mentioned in the Table below:

(Approval of Audit Committee is required for all related party transactions)

Transactions	Not in ordinary course of business	Not at Arm`s length Basis	In ordinary course of business	At Arm`s length Basis
Material RPT (as per Listing regulations)	Board approval & Shareholder`s approval by ordinary resolution			
All RPT exceeding limits of Rule 15 under Companies (Meetings of Board and its Powers) Rules, 2014	Board approval & Shareholder`s approval by ordinary resolution	Board approval & Shareholder`s approval by ordinary resolution	None	None
All RPT within limits under Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014	Board Resolution	Board Resolution	None	None

Note: All RPTs exceeding the limits prescribed under Rule 15 of Companies (Meetings of Board and its Power) Rules, 2014 will require prior approval of the Shareholders.

13. Reporting and Review:

I. Quarterly Reporting:

At each quarterly Meeting of the Audit Committee and/or Board meeting, the CFO and CS shall jointly provide a comprehensive Report summarizing all RPTs, for the immediately preceding fiscal Quarter of the Company including all RPTs (exempt/non-exempt).

14. Competent Authority for RPT Policy and Framework:

The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking an appropriate disciplinary action for any breach and / or defaults in complying with this Policy. Such disciplinary action shall be in addition to the penal provisions of the Act.

15. Compliance with the RPT Policy:

- I. Every person responsible for RPT shall be accountable for complying with this Policy
- II. A Director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the RPT Policy and RPT Framework shall be guilty of non-compliance
- III. In case of breach of this Policy; Audit Committee and/or Board of Directors may initiate appropriate action against the person/s responsible
- IV. A person shall not be eligible for the appointment as a Director of a Company if he has been convicted of the offence under Section 188 of the Act at any time during the last preceding five years

16. Disclosure of the RPTs

RPTs and prescribed details thereof will be disclosed in the i) Directors' Report ii) Annual Report iii) half yearly on a consolidated basis, in the format specified in the relevant accounting standards to the stock exchanges and be publish on Company's website, in accordance with the provisions of Companies Act, 2013 and rules made thereunder and as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereto from time to time and in any other manner/ report as may be required by applicable legislation.

17. Governing Law and Amendments:

The RPT Policy along with RPT Framework will be governed by the relevant provisions of Section 188 of the Companies Act, 2013 and The Companies (Meetings of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto from time to time.

In the event of any conflict between the provisions of this Policy and of the SEBI (LODR) the Act or any other statutory enactments, rules, the provisions of the SEBI (LODR) | the Act or statutory enactments, rules shall prevail over this Policy.

18. Review of the RPT Policy:

This RPT policy and RPT framework may be further reviewed and/or amended at any time and/or upon revisions of applicable laws, regulations and amendment thereto from time to time and/or the actions taken by the Board of Directors and/or the Audit Committee of the Company, subject to atleast once in every three year.

This policy shall be deemed to be amended/or modified pursuant to any amendment or modifications or replacements or re-enactment of SEBI(LODR) Regulations, 2015 or the Companies Act, 2013 or any other laws and/or Regulations as amended, modified, replaced or re-enactment from time to time by the SEBI, Govt. of India and/or any other regulating authority.
