

CMM INFRAPROJECTS LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

1. PREAMBLE

CMM Infraprojects Limited (hereinafter referred to as 'the Company') is an Engineering, Procurement and Construction (EPC) company listed on the SME platform of the National Stock Exchange of India Limited (NSE). The Company is engaged in the construction of government infrastructure projects and development of various public civil construction and infrastructural projects in the building and road sectors.

The provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations') relating to Related Party Transactions have become applicable to SME listed entities which have either paid-up equity share capital exceeding Rs. 10 crore or net worth exceeding Rs. 25 crore as on the last day of the previous financial year.

In compliance with the aforesaid regulatory requirements and to ensure that all Related Party Transactions are conducted in an appropriate, transparent manner and in the best interests of the Company and its stakeholders, the Board of Directors of the Company has adopted this Policy on Materiality of and Dealing with Related Party Transactions ('the Policy').

2. OBJECTIVE AND PURPOSE

The objectives of this Policy are:

- To ensure proper identification of Related Parties and Related Party Transactions;
- To establish criteria for determining materiality of Related Party Transactions;
- To provide a framework for appropriate governance and oversight over all Related Party Transactions;
- To define the approval mechanism for Related Party Transactions based on their materiality;
- To ensure compliance with the provisions of the Companies Act, 2013, SEBI LODR Regulations and other applicable laws;
- To ensure proper disclosure and transparency in Related Party Transactions; and
- To prevent any potential conflict of interest or abuse of authority by Related Parties.

3. GOVERNING LAW & GUIDELINES

This Policy framed in accordance with the mandate from prevailing regulations as under;

1. Section 188 and other corresponding provisions of the Companies Act, 2013,
2. Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014,
3. Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
4. Indian Accounting Standard- 24,
5. Industry Standards on "Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions" ("RPT Industry Standards")



6. Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and
7. Terms & Conditions of the Resolutions passed in the Meetings of Board or Committee thereof pertaining to Related Party Transactions.

3. DEFINITIONS

3.1 Related Party

"Related party", with reference to a company, means—

- a. a director or his relative;
- b. a key managerial personnel or his relative;
- c. a firm, in which a director or his relative is a partner;
- d. a private company in which a director or his relative is a member or director;
- e. a public company in which a director is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- f. any body corporate whose Board of Directors, managing director is accustomed to act in accordance with the advice, directions or instructions of a director;
- g. any person on whose advice, directions or instructions a director is accustomed to act:
(Provided that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity);
- h. any company which is—
 - i. a holding, subsidiary or an associate company of such company;
 - ii. a subsidiary of a holding company to which it is also a subsidiary; or
 - iii. an investing company or the venturer of the company;]

Explanation. —For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- i. A director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.
- j. Any person or entity belonging to the promoter or promoter group of the Company;
- k. Any person or any entity, holding equity shares of 20 % or more; or of 10% or more, with effect from April 1, 2023 in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;
- l. Any body corporate in which a director alone or in association with any other director, hold more than two per cent shareholding of that body corporate, or is a promoter, Chief Executive Officer of that body corporate.

In Addition to above as per Ind AS 24 Related Parties to include the following –

- m. Any person or a [close member of that person's family] who:

- i. has control or joint control of the Company;
 - ii. has significant influence over the Company; or
 - iii. is a member of the key management personnel of the Company or of a parent of the Company;
- n. An entity –
- i. which is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - ii. controlled or jointly controlled by a person identified in (m);
 - iii. in which person identified in m (i) has significant influence or is a member of the key management personnel of the entity (or of a parent of the entity);
 - iv. or any member of a group of which it is a part, providing key management personnel services to the Company or to the parent of the Company.
- o. An entity related to Company if –
- i. Both entities are joint ventures of the same third party;
 - ii. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - iii. Both entities are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - iv. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(for the purpose of this clause close family members includes Spouse, Children, Parents, Siblings, Dependents, Spouse's parents and children) As per Section 2(76) of the Companies Act, 2013 and applicable Accounting Standards (AS-18 / Ind AS 24), a 'Related Party' means:

- A director or his/her relative;
- A key managerial personnel or his/her relative;
- A firm, in which a director, manager or his/her relative is a partner;
- A private company in which a director or manager or his/her relative is a member or director;
- A public company in which a director or manager is a director and holds along with his/her relatives, more than 2% of its paid-up share capital;
- A body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- Any person on whose advice, directions or instructions a director or manager is accustomed to act;
- Holding company or subsidiary company or an associate company or fellow subsidiary;
- A subsidiary of a holding company to which it is also a subsidiary;
- An investing company or the venturer of the Company; and
- Such other person as may be prescribed under the Companies Act, 2013 or Accounting Standards.

3.2 Related Party Transaction

A 'Related Party Transaction' means a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged, and includes a single transaction or a group of transactions in a contract.

Examples of Related Party Transactions include but are not limited to:

- Sale, purchase or supply of goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Appointment to any office or place of profit in the Company, its subsidiary or associate company;
- Underwriting the subscription of any securities or derivatives;
- Borrowing or lending of money, extending guarantees or providing security;
- Any contract or arrangement for work or services; and
- Any transaction, contract or arrangement as may be prescribed under applicable laws.

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

- (i) 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;
- (ii) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - buy-back of securities]
- (iii) the retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

3.3 Material Related Party Transaction

For SME Listed Entities (as per SEBI LODR Regulations):

A Related Party Transaction shall be considered as 'Material' if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds whichever is lower of the following:

- **Rs. 50 Crore; OR**
- **10% of the annual consolidated turnover** as per the last audited financial statements of the Company

3.4 Other Definitions

- **'Arm's Length Transaction'** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest and the transaction is conducted on fair market terms.
- **'Audit Committee'** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR Regulations.
- **'Board'** or **'Board of Directors'** means the Board of Directors of CMM Infraprojects Limited.
- **'Key Managerial Personnel' (KMP)** means persons as defined under Section 2(51) of the Companies Act, 2013 and includes Managing Director, Whole-time Director, Chief Financial Officer, Company Secretary and such other officer as may be prescribed.
- **'Relative'** means relative as defined under Section 2(77) of the Companies Act, 2013 and rules made thereunder.



4. POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

4.1 Materiality Threshold

For the purposes of this Policy, a Related Party Transaction shall be considered 'Material' based on the following threshold:

Category	Threshold - Criterion 1	Threshold - Criterion 2
Material RPT	Rs. 50 Crore	10% of Annual Consolidated Turnover

Note: Whichever is lower of the two criteria shall be applicable.

4.2 Aggregation of Transactions

For the purpose of determining materiality, all transactions entered into with a Related Party during a financial year shall be aggregated. This includes both individual transactions and a group of transactions in a contract.

4.3 Review of Materiality

The materiality threshold shall be reviewed at the beginning of each financial year based on the audited consolidated financial statements of the previous financial year.



5. APPROVAL MECHANISM FOR RELATED PARTY TRANSACTIONS

5.1 Audit Committee Approval

All Related Party Transactions and any subsequent material modifications thereto shall require prior approval of the Audit Committee of the Company whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder.

Explanation: for the purpose of this policy, “material modification” shall mean and include any modification to an existing related party transaction having variance of 10% or more of the existing limit sanctioned by the Audit Committee.

While considering any Related Party Transaction, the Audit Committee shall take into account the following factors:

- Nature of the Related Party relationship;
- Nature, duration and particulars of the proposed transaction;
- Material terms and conditions of the transaction including value and price;
- The manner of determining the pricing and commercial terms;
- Whether the transaction is at arm's length basis and in the ordinary course of business;
- Business rationale for entering into the transaction;
- Any other relevant information.

Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same are not material in terms of the provisions of this policy.

5.2 Omnibus Approval

The Audit Committee may grant omnibus approval for Related Party Transactions which are **repetitive in nature**, subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
- The omnibus approval shall specify the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that shall be entered into, and the indicative base price/current contracted price and the formula for variation in the price, if any;
- Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval subject to their value not exceeding Rs. 1 Crore per transaction;
- The Audit Committee shall review, at least on a half-yearly basis, the details of Related Party Transactions entered into pursuant to the omnibus approval given;
- Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.



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

5.3 Shareholders' Approval

All Material Related Party Transactions shall require approval of the shareholders through **Ordinary Resolution**.

While seeking shareholders' approval, the following shall be ensured:

- All Related Parties (whether entity is a party to the particular transaction or not) shall abstain from voting on such resolution;
- The notice to the shareholders shall contain full details of the Related Party Transaction including name of Related Party, nature of relationship, nature and duration of transaction, material terms including value, and any other relevant information;
- The Company shall provide facility of remote e-voting to shareholders in accordance with applicable laws.

5.4 Exemptions from Approval Requirements

The provisions of sub-sections 5.1, 5.2 and 5.3 above shall not be applicable in the following cases:

- Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the General Meeting for approval;
- Transactions entered into between two government companies (as applicable).

5.5 Existing Material Related Party Contracts

All existing material Related Party contracts or arrangements entered into prior to April 1, 2026 and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to April 1, 2026.

6. DISCLOSURES AND REPORTING

6.1 Disclosure to Stock Exchange

The Company shall submit disclosures of Related Party Transactions to the Stock Exchange on a half-yearly basis along with its compliance report on corporate governance under Regulation 27(2) of SEBI LODR Regulations.

6.2 Disclosure in Annual Report

The Company shall make appropriate disclosures regarding Related Party Transactions in the Annual Report as per the requirements of the Companies Act, 2013, applicable Accounting Standards and SEBI LODR Regulations.

6.3 Disclosure in Board's Report

The Board's Report shall contain a statement in Form AOC-2 providing details of contracts or arrangements with Related Parties as required under Section 134(3)(h) of the Companies Act, 2013.

6.4 Disclosure on Website

This Policy shall be displayed on the Company's website at www.cmminfra.co.in and a web link thereto shall be provided in the Annual Report.

7. TRANSPARENCY AND RECORD MAINTENANCE

7.1 Register of Contracts

The Company shall maintain a Register of Contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013.

7.2 Minutes of Meetings

The minutes of the Audit Committee and Board meetings wherein Related Party Transactions are discussed and approved shall be properly maintained and documented.

7.3 Supporting Documents

All supporting documents, proposals, justifications and approvals related to Related Party Transactions shall be preserved as per the Company's document retention policy.

8. REVIEW AND AMENDMENT

This Policy shall be reviewed by the Board of Directors at least once every year or as and when required due to changes in regulatory requirements or business needs.

The Board of Directors shall have the power to amend, modify, or replace this Policy from time to time. Any such amendment or modification shall be effective from the date specified by the Board.

In case of any inconsistency between the provisions of this Policy and applicable laws, rules, regulations or listing requirements, the latter shall prevail.

9. MISCELLANEOUS

9.1 Interpretation

The Board of Directors or Audit Committee shall have the authority to interpret the provisions of this Policy. In case of any ambiguity or doubt, the decision of the Board/Audit Committee shall be final.

9.2 Non-compliance

Any non-compliance or violation of this Policy shall be reported to the Audit Committee and Board of Directors for appropriate action. The Board may take such action as it deems fit including disciplinary action against the concerned person(s).

9.3 Severability

If any provision of this Policy is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired.
