



## **MAXVOLT ENERGY INDUSTRIES LIMITED**

### **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

#### **1. Preamble**

The Board of Directors (the “Board”) of MAXVOLT ENERGY INDUSTRIES LIMITED (the “Company”) has adopted the following policy and procedures with regard to Related Party Transactions. This Policy on the Related Party Transactions (the “Policy”) of the Company set forth the procedures to be followed for approval/ratification of Related Party Transactions in compliance with applicable laws and regulations.

#### **2. Purpose and Objective of the Policy**

Regulation 23(1) of the SEBI Regulations requires the Company to formulate a policy on materiality of related party transactions and dealing with related party transactions. The Company intends that all Related Party Transactions are undertaken on Arm’s Length Basis & intends the proper approval and reporting of the Related Party Transactions. The Objective of the Policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable of the Company.

#### **3. Definitions**

The terms included in this Policy shall have the same meaning as defined under the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or other related laws, as amended and applicable from time to time.

a) “Audit Committee” or “Committee” means Audit Committee of Board of Directors of the Company constituted under Regulation 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Section 177 of the Companies Act, 2013.

b) “Arm’s Length Basis” means basis and principles followed for conduct of transactions between two un-related parties, with no conflict of interest.

c) “Associate Company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation.—For the purposes of this clause, “significant influence” means control of at least twenty per cent of total voting power, or control of business decisions under an agreement; and the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

d) “Board” means Board of Directors of the Company

e) “Company” means Maxvolt Energy Industries Limited

f) “Key Managerial Personnel” means any key managerial personnel as defined under Section 2(51) of the Companies Act, 2013.

g) “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 ordinary course of its trade or business.

h) “Related Party” have the meaning as defined in Section 2(76) of the Companies Act, 2013 and Regulation 2(1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or under the applicable accounting standard. Any person entity belonging to the promoter or promoter group of the Company and holding 20% or more(w.e.f April 01, 2022) or ten percent or more(w.e.f April 01, 2023) in the Company

i) “Related Party Transactions” (RPTs) have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as means a transfer of resources, services or obligations between

(i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries (w.e.f April 01, 2023) regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract,



The following shall not be construed as 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 Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

j) "Material Related Party Transaction" means

i. a transaction with a Related Party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs 1,000 cr or ten percent of the annual consolidated turnover of the Company as per latest audited financial statements of the Company, whichever is lower.

ii. a transaction involving payments made to 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements.

#### **4. Materiality Thresholds**

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company:

(i) Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

(ii) Provided further that:

- The audit committee of the Company shall define "material modifications".
- a related party transaction to which the subsidiary 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 whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company
- a related party transaction to which the subsidiary 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 whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary (w.e.f April 01, 2023)

"Subsequent Material Modifications" with respect to any approved related party transaction shall mean and include;

- a. Material change in the terms and conditions of the contract, extension of tenure, renewal of the contract, waiver, subordination, variation in any payment rights, security interest, novation of parties, addition of parties as agreed at the time of approval of the Related Party Transaction
- b. Material change in the nature of the transaction including which done with the mutual consent of the both the parties.
- c. Such other material modifications as may be approved by the Audit Committee from time to time

Whereas the word "Material" shall mean any modification/change (individually or taken together with previous modifications/change) in the existing Transaction having effect of increase or decrease, which exceeds 20% of value of Transaction which is proposed to be modified or ₹ 5 crore whichever is higher.

Provided that if any future modification or alteration is already approved at the time of approving original transaction by Audit Committee and/ or Shareholders, such modification or alteration shall not be treated as material modification.

#### **5. Approval of Related Party Transactions by Audit Committee**

i. All Related Party Transactions and subsequent material modifications (one time or ongoing) shall be put up before the Audit Committee for its consideration and approval.



- ii. The Audit Committee shall determine whether the Transactions are on Arms' Length Basis and in Ordinary Course of Business, while providing its approval and for this, the CFO and MD shall provide background information and details to establish that it is an arm's length transaction.
- iii. If the Audit Committee determines that the Transactions are not on Arms' Length Basis or not in Ordinary Course of Business, or are "Material", or in any case requires the Board's approval, then it shall recommend such transactions to the Board for its approval.
- iv. Further, if the Board determines that such transactions are "Material" and material modifications as defined by the audit Committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- v. The Audit Committee may also provide an Omnibus approval to such transactions, which are repetitive in nature, on such terms and conditions as it may deem fit.
- vi. The details of transactions for which the Audit Committee give the Omnibus approvals, shall be quarterly placed before the Committee, for its review.

## **6. Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval. In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval
- d) Transactions meeting the materiality thresholds laid down above in the Policy, which are intended to be placed before the shareholders for approval

## **7. Approval of the Shareholders of the Company**

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which

- (a) are not at Arm's Length or not in the ordinary course of business; and
- (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval shall not be applicable for the following transactions:

- 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 wholly-owned subsidiaries of the Company holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
- Transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

## **8. Amendments**

Notwithstanding the above, the applicable provisions and amendments, if any, under the Companies Act, 2013 and/ or SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 in respect of Related Party Transactions shall be implemented by the Company. The Audit Committee is empowered by the Board to recommend the amendments to this Policy from time to time as it deems appropriate.



## **9. Disclosure**

The Related Party Transactions shall be disclosed in the Company's applicable filings as required by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and the said Policy shall be disclosed on Company's Website as required under SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

The Company and its subsidiaries shall disclose "loans and advances" in the nature of loans to firms/Corporates in which directors are interested.

The Company shall submit within 15 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on the website.

The Company shall submit such related party disclosures on the date of publication of its standalone and consolidated financial results for the half year ended in the format specified in the relevant accounting standards for the results to the stock exchanges and publish the same on the website (w.e.f April 01, 2023).

## **10. Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

## **11. Review of the Policy**

The policy will be reviewed once in three years or as and when regulatory changes are notified, whichever is earlier.