

MODULEX CONSTRUCTION TECHNOLOGIES LIMITED
(Formerly known as Tumus Electric Corporation Limited)

Policy on Related Party Transactions

1. PURPOSE

This Policy is framed as per requirement of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (LODR Regulations) and with intention to set process for approval, reporting, materiality and dealing with Transactions between the Modulex Construction Technologies Limited (Modulex or the Company) and its Related Parties. The Board has adopted the policy on 14th February, 2019.

The Audit Committee and the Board of the Company adopts this Policy and procedures with regard to Related Party Transactions, in compliance with the requirements of LODR Regulations and applicable statutory provisions, in order to ensure the compliance and procedural fairness in dealing with Related Parties.

2. DEFINITIONS

"Act" means the Companies Act, 2013, and Rules made thereunder, for the time being in force and as may be clarified, amended, reenacted from time to time.

"Board" means Board of Directors of the Modulex for the time in force.

"Committee" or "AC" or "Audit Committee" means "Audit Committee" of the Board of the Modulex, as may be reconstituted by the Board and as may be subsist from time to time.

"Company" means "Modulex Construction Technologies Limited" or also referred to as "Modulex".

"Director" means person appointed as Director on the Board of the Modulex pursuant to the applicable provisions of the Companies Act 2013.

"KMP" or "Key Managerial Personnel" means person as defined in Section 2(51) of the Act.

"Policy on Related Party Transactions or "this Policy" or "RPT Policy" means this Policy as approved by the Audit Committee and the Board of the Company, as amended from time to time and also consider/ cover policies viz (a) Policy on Materiality and Dealing with Related Party Transactions, and (b) Policy on determining material subsidiary.

"Related Party Transaction" or "RPT" or "Transaction" means transaction involving transfer of resources, services or obligations between the Company and Related Party, regardless of whether a

price is charged and shall be construed to include single transaction or a group of transactions in a contract or arrangement.

"Related Party" or "RP" means the following shall be considered as such.

- a) entity /related party under Section 2(76) of the Companies Act, 2013.
- b) Entity/ related party under the accounting standards as applicable to the Company.

"RPT Process" means procedure and systems as may be prescribed by the Audit Committee, if it deems necessary in relation to compliance with this Policy and applicable law.

"Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Words and expressions used and defined and/or used but not defined in this Policy shall have the same meaning assigned to them in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Companies Act, 2013 and the rules and regulations made thereunder, Accounting Standards and applicable laws, to the extent relevant in connection with this Policy, as the case may be or in any amendment thereto.

3. EFFECTIVE DATE OF THE POLICY

The Board of Directors of the Company at their Meeting held on February 14, 2019 decided to adopt the Policy accordance with the requirements of the Act and the LODR regulations.

4. DEALING WITH RELATED PARTY TRANSACTIONS

While approving the Related Party Transactions, the Audit Committee and the Board shall keep in view and be guided by the following aspects with fair weightage:

- a) Ensure fairness in the conduct of Related Party Transactions.
- b) Pricing or basis to arrive on pricing should be at relevant market conditions or on arm's length basis, unless the same is justified by the management and with reasons recorded keeping in view strategic business plan or medium to long term benefits expected to Modulex.
- c) Terms of Related Party Transactions should be in overall interest of the Modulex or meet the business requirements of the Modulex.
- d) Proposal of Related Party Transactions should be discussed and deliberated keeping in mind relevant details, material terms and long term business interest of the Modulex.

- e) Range, quantity, quality, experience, technical knowhow and competency of Related Parties and future plan and prospective business requirement of the Modulex.
- f) Practice being followed in similar industry and sector specific requirement, to the extent known.
- g) Related Party Transactions should be in compliance with the applicable statutory provisions with appropriate disclosures and transparency to ensure good governance.

5. MATERIALITY OF RELATED PARTY TRANSACTION

5.1 Materiality of RPT

Transaction with any Related Party shall be considered as "Material Related Party Transaction", if the Transaction or Transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% percent of the annual consolidated turnover of the Modulex as per the last audited financial statements of the Modulex.

5.2 Approval for Material Transactions

All "Material Related Party Transactions" shall require approval of the shareholders of the Modulex through special resolution which may be passed at the general meeting or through postal ballot. No related party shall vote to approve such resolutions.

Proposal for entering into Material Related Party Transaction shall be placed before Audit Committee with relevant details and after the approval from the Audit Committee and the Board, such proposal shall be referred for approval of the shareholders through special resolution.

6. PRIOR APPROVAL OF THE AUDIT COMMITTEE

6.1 Approval by Audit Committee

Proposal of entering into transactions with Related Parties shall be placed before the Audit Committee with relevant details for prior approval. The Audit Committee shall consider, discuss and review all relevant aspects, justification, details or reports presented by the management. The Audit Committee may approve or ask for further detail, clarification or reject the proposal. In case of rejection, the Audit Committee shall give reasons and better alternatives.

While considering the Related Party Transactions, the Audit Committee shall deliberate, *inter alia*, on the following factors.

- a) Name and profile of the Related Party, nature of relationship and degree of conflict of interest.
- b) Nature of Transaction and material terms including the value or consideration involved.

- c) Manner of determining the pricing to ascertain whether the same is on arm's length or justification for entering into Transaction.
- d) Whether the Transaction is in ordinary or normal course of business or to meet specific business requirement.
- e) Whether the terms of the Related Party Transaction are fair and on arms' length basis to the Modulex and would apply on the same basis if the transaction did not involve a Related Party;
- f) If the Transaction would not on arms' length basis or it is not definite, what is the justification, rational, other competitive advantage, long to medium term business relations and specific business requirement of the Modulex for entering into the Transaction.
- g) Whether there are any compelling business reasons for the Modulex to enter into the Related Party Transaction and the nature of alternative transactions.
- h) Whether the Related Party Transaction would affect the independence of any independent director.
- i) Whether the Material Transaction would affect to reputation of the Modulex from perspective of public and institutional shareholders. If there is any such possibility, whether it is advisable to obtain expert opinion or valuation.
- j) Business or commercial rationale for entering into such transaction.
- k) Other details, valuation and aspects as the Audit Committee may deem relevant.
- l) Details as may be necessary to review as per the provision of the LODR Regulations or statutory provisions.

6.2 Omnibus approval by Audit Committee

Audit Committee may grant omnibus approval in respect of Related Party Transactions on following broad criteria.

- a) Transactions should be repetitive in nature.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Modulex.
- c) Such Omnibus Approval shall specify the following.

- i. name of the Related Party, nature, period and amount of the Transaction.
- ii. indicative base price, formula for variation in the price, if any.
- iii. such other conditions as the Audit Committee may prescribe.

In case where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant Omnibus Approval for such transactions subject to their value not exceeding Rs.1 crore per Transaction.

Audit Committee shall review on a quarterly basis the details of Related Party Transactions entered into by the Modulex 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.

6.3 Review of transactions with Related Party

If the Committee thinks fit, it may prescribe the types of other transactions with Related Parties, even if not strictly covered under this Policy, to be placed before Audit Committee periodically for its review.

7. REVIEW / APPROVAL BY THE BOARD

Related Party Transactions shall be referred to the Board as mentioned below:

- a) Upon approval to the Material Transactions by the Audit Committee, same shall be referred to the Board for its approval.
- b) If the Committee determines that the transaction is not in the ordinary course of business and not at the arm's length price, such transaction shall be placed before the Board for review and approval.
- c) If the Committee determines that the transaction should be brought before the Board for information, review or approval.
- d) When approval / review by the Board is mandatory under applicable laws in relation to transactions or matter relating to the Related Parties.
- e) If the Board elect to review transactions or types of transactions as the Board may determine.

8. APPROVAL OF SHAREHOLDERS

In following cases, Related Party Transactions shall be proposed to the shareholders of the Modulex for their approval by passing special resolution.

- a) Material Transactions, as per provisions referred in this Policy.
- b) When approval from the shareholders is mandatory as per applicable provision of the Act or applicable laws, in relation to transactions or matter relating to the Related Parties.
- c) If the Committee or the Board voluntarily opt to propose the Related Party Transactions or matter relating thereto, to the shareholders of the Modulex for their approval.

Shareholders who are interested or Related Party in context of such resolution being passed, is not entitled to vote to approve such transaction. Provisions of the LODR Regulations and the Act shall be prevailed and followed, as applicable in relation to the transaction.

9. INTERESTED RELATED PARTY SHALL NOT VOTE IN FAVOUR

Related Party, who has an interest in the Transaction being discussed and approved, will recuse himself and abstain from voting on the approval of the Related Party Transaction. However, if asked by the Committee or the Board, such director may provide explanation and clarification about his interest and the Transaction. Applicable provisions of the Act shall be followed in this respect.

10. PROCEDURE TO REGULATE AND MONITOR RPT

10.1 Disclosure and identification of Related Parties

Every Director shall disclose the directorship, membership, partnership, concern, interest, name of entities, persons, associations, relatives etc which would be regarded as Related Parties and required as per the Act and as may be necessary to track and monitor compliance relating to Related Party Transactions as per the this Policy and as per the Act. KMP shall disclose names of their relatives and other details as may be necessary under the Act.

Company Secretary shall prepare a comprehensive List of Related Parties based on the above disclosures and information sourced by him. Such list shall be updated periodically and circulated to person in charge of accounts, finance, taxation and other functionaries in consultation with the CFO.

Senior Management shall make disclosures to the Board relating to all material financial and commercial transactions, where they have interest or may have a potential conflict with the interest of the Modulex at large.

10.2 Details of proposed RPT to put before Audit Committee / the Board

Whenever there is any proposal or necessity for entering into Transaction or any other contract or arrangement with Related Party, person in charge of accounts, taxation, finance, person entrusted with authority to approve or enter into transaction or such other person as directed by the CFO, shall inform to Company Secretary and CFO and provide necessary detail in format as provided by the Company Secretary and other details as may be prescribed in consultation with the CFO. Aforesaid proposal shall be prompted well in advance and details shall be provided through email or in writing well before next Audit Committee meeting.

Proposal for entering into Transaction with Related parties shall be itemized in the agenda and details shall be placed before the Audit Committee for its approval or doing needful as per this Policy.

All the members of the Senior Management and officer of the Modulex shall pay sufficient attention and ensure adequate disclosures and compliance with this Policy and provisions of the Act, LODR Regulations and applicable statutory provisions.

10.3 Reporting and disclosure of Related Party Transaction

After approval to the Related Party Transactions by the Audit Committee, Board or shareholders, the person in charge of Accounts or person identified by the CFO, shall maintain detail, terms, payments etc about such Transactions and provide the same whenever asked by the CFO or by Company Secretary, to ensure compliance of this Policy and update records.

Disclosure of Related Party Transactions, whether covered in this Policy or not, shall be made in Board's report, financial statement or in other documents, as per requirement of the Act, LODR Regulations and applicable law.

11.EXCEPTION

Provisions of this Policy relating to review and approval shall not be applicable in following cases:

- a) Transactions entered into between the Modulex and its wholly owned subsidiaries whose accounts are consolidated and placed before the shareholders at the general meeting for approval
- b) Payment of remuneration to Directors and KMP in connection with their duties to the Company.
- c) When Related Party's interest arises solely from ownership of securities issued by the Modulex and all holders of such securities receive the same or pro rata benefits.

12. RPT PROCESS

Audit Committee may, when it deems necessary, determine the RPT Process prescribing the procedures, details, system and manners to be followed in relation to the compliance with this Policy and to comply provisions of the Act and applicable law.

13. RPT UNDER THE COMPANIES ACT 2013

This Policy is framed keeping in view the compliance relating to the RPT under the LODR Regulations. Considering different set of provisions of RPT under the Act and other applicable law, same shall be complied as per the relevant provisions as may be amended and applicable to the Company and transactions, from time to time.

Procedural and other provisions of this Policy shall be followed in relation to compliance with RPT related provisions of the Act, to the extent relevant and useful.

14. RPT NOT APPROVED UNDER THE POLICY

If any Related Party Transaction is entered into oversight without being approved under this Policy, the Audit Committee shall review and evaluate such Transaction and may decide such actions as it may consider appropriate including ratification, revision or termination.

15. POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES

Subsidiary company of the Modulex shall be considered as material if the income or networth of the subsidiary exceeds 10% of the consolidated income or networth of Modulex and its subsidiaries in the immediately preceding accounting year.

For the purpose of appointment of Independent Director of the Company as Director of its Subsidiary, Subsidiary company of the Modulex shall be considered as material if the income or networth of the subsidiary exceeds 20% of the consolidated income or networth of Modulex and its subsidiaries in the immediately preceding accounting year.

The Company shall comply with the provisions of the LODR Regulations for the time being in force and as applicable to the Company from time to time and accordingly shall obtain approval of shareholders of the Company by proposing appropriate resolution.

16. CONFIDENTIALITY

Directors, Key Managerial Personnel (KMP), senior management personnel, employees, associates and other persons shall always keep confidential the terms of this Policy, authorization, records, reports, discussion, communications, matters, details etc relating to Related Parties, Related Party Transactions and matter relating thereto, and shall not share or convey the same, directly or indirectly, with any

employee, department or person, except to the extent necessary in performance of the office duties or except with approval of KMP or Director.

17. CLARIFICATION AND REVIEW OF THE POLICY

As per instruction and in consultation with the Audit Committee, KMP may issue clarification and procedural alteration for effective and smooth implementation of the Policy.

In case of any further mandatory requirement or amendment in the Act, LODR Regulations, direction or clarification, provision of this Policy shall be read and implemented in context of such amended or clarified positions.

18. AMENDMENTS IN THE POLICY

This Policy may be reviewed, amended or substituted by the Committee as it think fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), Clarification, circular(s) etc.

The Committee may waive procedural requirement of this Policy, if the circumstances warrant.

DISCLOSURE

This Policy shall be uploaded on the Company's website for investors and public information and a web link thereto shall be provided in the Board's Report as part of the Annual Report of the Company .