

AGI INFRA LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

Preamble

The Company may enter into transactions with related parties from time to time. Such transactions are considered appropriate only if they are in the best interest of the Company and the stakeholders.

The Board of Directors of the Company has adopted this policy with regard to Related Party Transactions as defined herein in the Board Meeting held on 6th November, 2015. This policy is intended to ensure proper approval, disclosure/ reporting of the transactions between the Company and related parties. The Audit Committee of the Company will review this policy periodically and may recommend changes / amendments as deemed appropriate, to the Board for approval.

The policy is in conformity with the various provisions of the Companies Act, 2013 (“the Act”) and Rules thereunder and Clause 49 of the Listing Agreement.

Explanation : A “transaction” with a related party shall be construed to include single transaction or a group of transactions in a contract.

Definition of Related Party

“Related Party” with reference to a Company, means –

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager is a member or director;
- v) a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
- (vi) any 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;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is –
 - (A) a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;

- (ix) a Director or Key Managerial Personnel of Holding Company or his relative.

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

“Relative” with reference to any person, means anyone who is related to another, if –

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed;

For the purpose of Clause 49 (VII), an entity shall be considered as related to the company if :

- (i) such entity is a related party under Section 2 (76) of the Companies Act, 2013 or
- (ii) such entity is a related party under the applicable accounting standards.

Transactions which are deemed as related party transactions

Any transaction between the Company and a Related Party relating to :

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the Company.

Explanation :

“Office or place of profit” means any office or place:

- (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

Nature of approvals required

All the transactions including modification of transaction, if any, shall be approved by the Audit Committee and Board of Directors of the Company and in some cases by the Shareholders in the General Meeting.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions :

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are 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 company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that 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.

- d. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Approval of Audit Committee

In accordance with Section 177 of the Companies Act, 2013, the Audit Committee shall review and approve the transactions and any subsequent modification of transactions of the Company with Related Parties.

Approval of Board of Directors

- a) Consequent to the approval of the Audit Committee, the Board of Directors shall review the transactions which are deemed as related party transactions, irrespective of the capital of the company or the value of the transaction, to ensure that the transaction(s) are not in any way prejudicial to the interests of the Company.
- b) Approval of the Board should be sought at a duly convened meeting of the Board and

same cannot be obtained by passing of a resolution by circulation.

- c) Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

Approval of Members by means of special resolution

In the following situations, in addition to approval of the Audit Committee and the Board of Directors, prior approval of members by means of a special resolution must also be sought before entering into any related party transaction where the transaction or transactions to be entered into are –

- (a) contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mentioned below :
 - (i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) Leasing of property of any kind exceeding ten percent of the net worth of the company or ten percent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
 - (iv) Availing or rendering of any services, directly or through appointment of agent exceeding ten percent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation :- It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) Is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or

(c) Is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation:- (1) The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial Year.

(2) In case of a wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

(3) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 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.

Materiality of Related Party Transactions :

The company shall formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the following :-

(a) contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188, with criteria as mentioned below :

(i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

(ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;

(iii) Leasing of property of any kind exceeding ten percent of the net worth of the company or ten percent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

(iv) Availing or rendering of any services, directly or through appointment of agent exceeding ten percent of the turnover of the company or rupees fifty crore, whichever

is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation :- It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) Is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or

(c) Is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation:- (1) The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial Year.

(2) In case of a wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

(3) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 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

Disclosure norms

Disclosures to be made in notice calling Board Meeting :

(a) The name of the related party and nature of relationship;

(b) The nature, duration of the contract and particulars of the contract or arrangement;

(c) The material terms of the contract or arrangement including the value, if any;

(d) Any advance paid or received for the contract or arrangement, if any;

(e) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

- (f) 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
- (g) Any other information relevant or important for the Board to take a decision on the proposed transaction.

Disclosures to be made in the explanatory statement to be annexed to notice of general meeting:

- (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.

Disclosures to be made in Board's Report / Corporate Governance Report :

Every related party transaction or contract shall be disclosed in the Board's report along with the justification for entering into such contract or arrangement.

Disclosures to the Stock Exchanges :

1. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
2. The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

Exemptions / Non-applicability

This policy will not be applicable in case of transactions entered into by the company in its ordinary course of business, which are on an arm's length basis.

"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.

Consequences of non-compliance

If any related party transaction or contract is entered without seeking Board's and / or Members' approval and if the same is not ratified by the Board and / or Members as the case may be, within 3 months at a meeting, then the contract or transaction will be voidable at the option of the Board and if the transaction is between any Related Party and any director or is authorized by any other director, then the concerned directors are liable to indemnify any loss incurred by the company.

Additionally, the Company may also proceed against a director or employee who had entered

into such contract or arrangement in contravention of the provisions of this policy for recovery of any loss sustained by the Company as a result of such contract or arrangement. Besides the actions taken by the Company as above, any director or any other employee of a Company, who enters into or authorizes the contract or arrangement in violation of the provisions of this policy may also be liable to punishment and punitive action under the provisions of the Companies Act, 2013.

Records / Registers :

The company shall keep one or more registers giving separately the particulars of all contracts or arrangements. The Register(s) shall be placed before the next meeting of the Board and signed by all the directors present at the meeting.

The Register(s) shall be kept at the registered office of the Company and shall be open for inspection at such office during business hours and extracts may be taken therefrom, and copies thereof as may be required by any member of the Company shall be furnished by the Company to such extent, in such manner, and on payment of such fees as may be prescribed.

The Register(s) shall also be produced at the commencement of every annual general meeting of the company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

Miscellaneous :

Any changes notified in the regulatory frame work / law will deem to apply to this policy from the effective date of coming into force of such changes from time to time.