



AFCONS INFRASTRUCTURE LIMITED
RELATED PARTY TRANSACTIONS POLICY

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VERSION CONTROL

Version	Description	Adoption Date	Approval by
1.0	Adoption of New Policy	15 December, 2015	Audit Committee and Board of Directors
2.0	Adoption of Revised Policy	12 th September, 2024	Audit Committee and Board of Directors

A. PREAMBLE:

1. Afcons Infrastructure Limited (“**Afcons**” or “**the Company**”) is a flagship infrastructure construction company of the Shapoorji Pallonji Group.
2. The Board of Directors (“**the Board**”) of the Company understands the importance of stakeholder’s confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of its stakeholders, the Board of the Company, acting upon the recommendation of its Audit Committee, has adopted the following policy and procedures to deal with Related Party Transactions.
3. The existing Related Party Policy that adheres to the Companies Act 2013 & rules made there under as amended from time to time (“**Act**”) and applicable Indian Accounting Standard (Ind AS). Considering the applicability of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), upon listing of the Company, the current related party transaction policy is being revised herewith to be in compliant with the provisions of the SEBI Listing Regulations.

B. OBJECTIVES:

The Board recognizes that Related Party Transactions need to be reviewed as per the provisions of the Act and the SEBI Listing Regulations. This Policy (*defined hereinafter*) sets forth the pre-requisites and procedure for the following:

1. Identification of Related Parties and Related Party Transactions with respect to the Company;
2. Approval of Related Party Transactions as per the applicable provisions of the Act, the SEBI Listing Regulations and applicable Indian Accounting Standards prescribed under Section 133 of the Act (“Ind AS”);
3. Disclosure of Related Party Transactions as per Ind AS, the Act, the SEBI Listing Regulations and any other applicable law for the time being in force.

C. DEFINITIONS:

1. “*Act*” means the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
2. ‘*Arm’s Length Transaction*’ means a transaction between the Company and its Related Party(ies) (*defined hereinafter*) that is conducted as if they were unrelated, so that there is no conflict of interest. Pricing, though being an important factor, may not be the only determinant of a transaction being at arm’s

length. In order to ensure that the transaction is at arm's length, judgement needs to be applied and the following points may be considered for the same:

- a. Transaction is in line with the principles of the Transfer Pricing Guidelines of the Income Tax Act, 1961 (though transfer pricing is not applicable for domestic transactions under the IT Act)
 - b. Transaction is as per the prevailing pricing policy / market price / same price (or margin) as compared to transactions with unrelated parties.
 - c. Transaction is comparable with third party quotations / bids.
 - d. Transaction is based on cost sharing agreements (in cases where cost is shared based on benefits derived).
 - e. Transaction is at a price in line with the valuation done by an external independent expert.
 - f. Transaction is as per market terms and conditions determined by an external independent expert.
3. "*Audit Committee*" means the committee constituted by the Board of Directors of the Company as per provisions of the Act and the SEBI Listing Regulations.
 4. "*Board*" means Board of Directors of the Company.
 5. "*Chief Executive Officer*" means an officer of a company, who has been designated as such by it.
 6. "*Chief Financial Officer*" means a person appointed as the Chief Financial Officer of a company
 7. "*Company Secretary*" or "*Secretary*" means a Company Secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by a company to perform the functions of a Company Secretary under this Act.
 8. "*Group Company(ies)*" means Subsidiary(ies), Associate(s) and Joint Operation(s) of the Company.
 9. "*Subsidiary*" means a company as defined under Section 2(87) of the Act.
 10. "*Associate*" means a company as defined under Section 2(6) of the Act.
 11. "*Joint Operation*" is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

12. “*Wholly Owned Subsidiary(ies)*” means a company or body corporate in which the Company holds 100% of the shareholding or voting rights.
13. “*Key Managerial Personnel “or “KMP”* in relation to a company as per the Act means:
 - a. the Chief Executive Officer or the Managing Director or the Manager;
 - b. the Company Secretary;
 - c. the Whole-Time Director;
 - d. the Chief Financial Officer;
 - e. such other officer, not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
 - f. such other officer as may be prescribed under the Act.

Similarly, KMP as per Ind AS 24 means those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

14. “*SEBI Listing Regulations*” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent modifications or amendments thereof.
15. “*Manager*” means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a Manager, by whatever name called, whether under a contract of service or not;
16. “*Managing Director*” means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of Managing Director, by whatever name called.

For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

17. “*Material Related Party Transactions*” would mean 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 ₹1,000 (Rupees One Thousand) Crores or ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, any transaction involving payment made to a Related Party with respect to brand usage or royalty shall also be considered a Material Related Party Transaction, if the transaction(s) to be entered into either individually or taken together with previous transactions during a financial year, exceed five percent (5%) of the annual consolidated turnover of the Company as per the Company’s last audited financial statement.

18. “*Material Modification*” means any modifications to the Related Party Transactions which requires approval by the Audit Committee or Shareholders (in case of a Material Related Party Transaction)

- a. where the variation exceeds 20% of the originally approved transaction, in case of any monetary modification; or
- b. which, in the opinion of the Audit Committee, significantly alters the nature or commercial terms of the transaction

19. ‘*Ordinary Course Of Business*’ means normal, regular business activities carried out by the Company in line with its Memorandum and Articles of Association. Since the term Ordinary Course Of Business is not defined under the statute, the Company would exercise judgement on this aspect and for the purpose of the same, using the following guiding principles:

- a. The Company has done similar transactions in the past.
- b. Activities relating to mergers, demergers, restructuring, etc. for organic and inorganic growth and are common for the industry / (ies) to which the Company belongs.

The guiding principles are not exhaustive and the facts and circumstances of each case would be examined before concluding on the matter.

20. “*Related Party(ies)*” is a party as defined in sub-section (76) of Section 2 of the Act, Clause 9 of Ind AS 24 and Regulation 2(zb) of SEBI Listing Regulations including modifications or amendments made thereto.

21. “*Related Party Transaction(s)*” or “*RPT(s)*” means transactions as given under clause (a) to (g) sub-section (1) of Section 188 and the Rules related thereto and as defined in Regulation 2(zc) of SEBI Listing Regulations including modifications or amendments made thereto. These include sale, purchase or supply of goods or

materials, selling or otherwise disposing of, leasing or buying, property of any kind, availing / rendering of any services, appointment of any agents for purchase or sale of goods, materials, services or property, such Related Party's appointment to any office or place of profit in the company, its Subsidiary Company or Associate Company, underwriting of securities and transfer of resources, services or obligations between the Company or any of its Subsidiaries on one hand and Related Party of the company or any of its Subsidiaries on the other, irrespective of whether a price is charged or not.

22. “*Stock Exchanges*” means the Stock Exchanges where the specified securities of the Company are listed.
23. “*Whole-Time Director*” includes a director in the whole-time employment of the company

Words and expressions not defined in this Policy shall have the same meaning as contemplated in the Act read with the rules made thereunder, the SEBI Listing Regulations and any other applicable laws or regulations for the time being in force. The definitions in the policy be read as per the amendments as may be brought in from time to time in the Act or in the SEBI Listing Regulations.

D. POLICY

1. Identification of Related Parties and Related Party Transactions

- a. Each Director and KMP shall disclose to the Company Secretary of the Company in form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all persons, entities, firms in which he/she is interested, whether directly or indirectly.
- b. The representatives from Finance and Accounts Department, at the beginning of every financial year, shall provide the information to the Company Secretary about the Related Parties within the Group Companies, and subsequent changes therein forthwith.
- c. The directors / KMP of Subsidiary Companies of the Company shall disclose to the Company Secretary of the Company at the beginning of every financial year and whenever there is any change in the disclosure so made, the details of Related Parties of that Subsidiary.
- d. The Company Secretary shall compile the information received from all concerned and send the information about such Related Parties to the respective teams for their information and necessary action.
- e. The concerned functional/ business head(s) or any employee of the company

shall forward to the Company Secretary and Chief Financial Officer, the details of any proposed Related Party Transaction with the draft terms and conditions or other relevant supporting documents to justify that such transactions are at Arm's Length and in the Ordinary Course of Business. The Company Secretary or the Chief Financial Officer, upon receipt of such information, will review the transactions and supporting documents and if required seek additional information on the proposed Related Party Transaction, after which it will be referred to the Audit Committee for its approval and further action, if any.

- f. Any proposed modification(s) in the Related Party Transactions already entered into shall be intimated to the Company Secretary and Chief Financial Officer by the functional/ business head, which shall be placed before the Board/Audit Committee/ Shareholders as may be applicable for their prior approval in accordance with this Policy.
- g. The Board/Audit Committee shall accordingly determine whether a transaction does, in fact, constitute a RPT requiring compliance with this Policy.

2. Approval of Related Party Transactions:

Save and except for the exclusions set out under 4.2 (D), the approval process of the Related Party Transactions will be as under:

a. Audit Committee:

- i. Irrespective of the materiality, prior approval of the Audit Committee of the Company will be sought for the following Related Party Transactions (RPT):

- ❖ Transactions between the Company and its Related Party.
- ❖ Transactions between a Subsidiary of the company and its Related Party if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year with that Related Party exceeds 10% of the annual standalone turnover of such Subsidiary as per the last audited financial statements of the Subsidiary.
- ❖ Transactions between the Company and / or its Subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related Party of the Company or any of its Subsidiaries.
- ❖ Any Material Modifications to approved RPTs

Provided that only those members of the Audit Committee, who are independent directors, shall approve the above Related Party Transaction(s).

- ii. To review a RPT, the Audit Committee shall be provided with all the following information:

- ❖ Name of the Related Party and its relationship with the Company or its Subsidiary including nature of its concern or interest;
 - ❖ Nature, material terms, monetary values, tenure and particulars of the contract / arrangement / transaction;
 - ❖ Method and manner of determining the pricing and other commercial terms;
 - ❖ Whether the RPT is at arm's length;
 - ❖ In case of RPT involving loan, advances, ICDs or investments made / given by the Company / Subsidiary:
 - Details of sources of funds;
 - In case of indebtedness, nature of indebtedness, cost of funds and tenure;
 - Applicable terms including covenants, tenure, interest rate, secured or unsecured and repayment schedule;
 - Purpose of utilization of funds by ultimate beneficiary of such RPT.
 - ❖ Justification as to why the RPT is in the interest of the Company;
 - ❖ Copy of valuation / external party report, if any;
 - ❖ Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.
- iii. The Company consists of several Group Companies, and often contracts / arrangements with Group Companies would result in RPTs. However, it is to be considered that Group Companies may be formed for particular purposes like requirement of specific regulatory authorities, venturing into new sectors, etc. Though the contracts /arrangements entered into with the Group Companies may be RPTs, they would be in the Ordinary Course Of Business itself. Hence, the Audit Committee may grant omnibus approvals for the RPTs subject to the conditions as laid down under Section 177(4)(iv) of the Act read with Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23(3) of the SEBI Listing Regulations & such Approval shall be valid for one financial year.
- ❖ The Audit Committee will additionally consider the following while granting omnibus approvals:
 - Repetitiveness of the transaction;
 - Justification for the need of omnibus approvals;
 - Maximum value for a particular type of transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - The maximum value per transaction which can be allowed;
 - Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;

Where a RPT cannot be foreseen and aforesaid details are not available, the Audit Committee may make omnibus approval for such transactions based on the criteria as may be decided by the Audit Committee, subject to their value not exceeding ₹1 (Rupees One) Crore per transaction.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

- iv. In the event the Company becomes aware of a transaction with a Related Party that has not been approved under the Policy prior to its consummation, the Audit Committee shall examine all facts and circumstances pertaining to the non-reporting of such RPT to the Committee and shall take such action as it may deem appropriate.
- v. The Audit Committee shall at the end of every quarter appraise the position of approved transactions to ensure that all necessary requirements are being complied therewith. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- vi. Any member of the Audit Committee who has a potential conflict of interest in any RPT shall abstain from discussion and voting on such RPT.

Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present or participate at the meeting of Audit Committee during discussions and voting on the subject matter of the resolution relating to such RPT.

- vii. Further, in accordance with Section 177 of the Act, any RPT entered into by a Director/ officer of a Company involving an amount not exceeding ₹1 (Rupees One) Crore which has been undertaken without obtaining prior approval of the Audit Committee, or which is not ratified within 3 (three) months of entering into such transaction, shall be voidable at the option of Audit Committee and if the contract or the arrangement is with a Related Party to any Director(s), or is authorised by any other Director(s), the Director(s) concerned shall indemnify the Company against any loss incurred by it.
- viii. In an unforeseen event where a Related Party Transaction, for which omnibus approval has not been given by Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such RPT by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.
- ix. Where the Audit Committee does not approve the RPT, other than prescribed in clauses (a) to (g) of Section 188(1) of the Act, it shall make its recommendation to the Board for approval.

b. Board:

- i. the following contract or arrangement with a Related Party which are not in Ordinary Course Of Business or are in the Ordinary Course Of Business but are not on Arm's Length basis shall require prior approval of the Board given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed:

- ❖ sale, purchase or supply of any goods or materials; or
 - ❖ selling or otherwise disposing of, or buying, property of any kind; or
 - ❖ leasing of property of any kind; or
 - ❖ availing or rendering of any services; or
 - ❖ appointment of any agent for purchase or sale of goods, materials, services or property; or
 - ❖ such Related Party's appointment to any office or place of profit in the Company, its Subsidiary or Associate Company; or
 - ❖ underwriting the subscription of any securities or derivatives thereof, of the Company.
- ii. Once contracts/arrangements with Related Parties are approved by Audit Committee / Board, transactions arising out of the same would not be subject to evaluation when they are executed. This process will be monitored by the F&A head continuously.
 - iii. All Material Related Party Transactions and subsequent Material Modifications thereto shall be considered and approved by the Board before the same are considered by the shareholders for their prior approval.
 - iv. Where any contract or arrangement set out in clause 4.2(B)(a) above is entered into by a Director or any other employee, without obtaining the consent of the Board or the shareholders (as applicable) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a Related Party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.
 - v. Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the Board meeting during discussions and voting on the subject matter of the resolution relating to such Related Party Transaction.

c. Shareholders:

- i. Subject to the provisions of Regulation 23(5)(b) and (c) of the SEBI Listing Regulations as mentioned above, all Material Related Party Transactions & any Material Modifications thereto, will be referred to the shareholders for prior approval by way of a resolution.
- ii. Any contract or arrangement set out in clause 4.2(B)(a) above, which requires Board approval & exceeds limits as prescribed under Section 188 of the Act, shall be placed for shareholders' approval by way of a resolution.
- iii. No Related Party (including shareholder) will vote to approve such resolutions irrespective of the fact whether it is a Related Party to that particular transaction or not.

- iv. A summary of information as provided by the Management to the Audit Committee under Clause 4.2 (A)(b) (i) to (iv) shall form a part of the explanatory statement. In addition to the same, the shareholders will be provided with information under the clauses 4.2 (A)(b) (v) to (vii), wherever applicable.

d. Exclusions:

The following RPTs will not be put up for approval as permitted under law:

- i. Related Party 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 or
- ii. Related Party Transactions entered into between two Wholly Owned Subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- iii. Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which a Listed Subsidiary of the Company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of the SEBI Listing Regulations are applicable to such Listed Subsidiary.

For Related Party Transactions of Unlisted Subsidiaries of a listed Subsidiary as referred above, the prior approval of the Audit Committee of the Listed Subsidiary shall suffice.

- iv. Issue of specified securities on preferential basis subject to compliance of applicable SEBI Listing Regulations.
- v. Corporate actions as under as the same are uniformly applicable to all shareholders:
 - ❖ Payment / receipt of dividend
 - ❖ Sub-division or consolidation of securities
 - ❖ Issue of securities as rights or bonus
 - ❖ Buy-back of securities

3. Disclosures:

- i. The Company shall make appropriate disclosures in Financial Statements in accordance with the applicable Indian Accounting Standards, as amended from time to time.
- ii. In terms of the provisions of Section 134(3)(h) of the Act, particulars of contracts or arrangements set out in clause 5.2(B) (a) above shall be disclosed in the Board's report in the prescribed form.
- iii. Details of all Material Related Party Transactions shall be disclosed in accordance with Regulation 27 of the SEBI Listing Regulations.
- iv. In accordance with Regulation 23(9) of the SEBI Listing Regulations, details of all Related Party Transactions shall be disclosed to the Stock

Exchanges in the prescribed format every six months, on the date of publication of the Company's half yearly standalone and consolidated financial results, and company shall publish the same on its website.

- v. This Policy shall be disclosed under a separate section on the website of the Company & a web link thereto shall also be provided in the annual report of the Company.
- vi. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

E. AUTHORITY / POLICY REVIEW AND AMENDMENT:

1. This Policy is based on the provisions of the Act and the SEBI Listing Regulations and shall be reviewed by the Board at regular intervals. Further, SEBI Listing Regulations require Board to review the policy at least once in every 3 (three) years and update accordingly.
2. Any subsequent amendment/ modification in the Act, SEBI Listing Regulations or any other governing Act/ Rules/ Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.
3. The Managing Director, Chief Financial Officer and Company Secretary of the Company are severally authorized to amend this Policy to be made consistent with the prevailing provisions of the Act and the SEBI Listing Regulations, which shall be placed before the Audit Committee and Board for their approval.
4. In the event any provisions of the Policy are inconsistent with the provisions of SEBI Listing Regulations or the Act or any other applicable statutes, the provisions of the regulatory statutes will prevail.
5. In case of any interpretation issue on any matter relating to this Policy, the Audit Committee/ Board shall refer the same for legal opinion.
6. In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference shall be made to the Chairperson of the Audit Committee. In all such matters, the interpretation and decision of the Chairperson shall be final.

F. GOVERNANCE:

1. The Company may constitute a Steering Committee which will be headed by the Chief Financial Officer and the Company Secretary and will have such members from Finance, Corporate Secretarial and other departments as may be determined by the Chief Financial Officer and the Company Secretary. The Steering Committee shall meet periodically to ensure that the actions agreed with the Audit Committee and the Board with respect to Related Party Transactions has been implemented. The Steering Committee shall also ensure that the systems and processes are in place for identification and approval of Related Party Transactions as per this Policy.

G. EFFECTIVE DATE:

- 1. This Policy is approved by the Audit Committee and Board of Directors of the Company on 12th September, 2024 respectively.
- 2. The Policy shall be effective from the date of listing the Equity Shares the Company on Stock Exchanges.
