



A2Z INFRA ENGINEERING LTD.

Related Party Transaction
Policy



Related Party Transaction Policy
{Pursuant to Clause 49 (VII)(C) of Listing Agreement}
A2Z INFRA ENGINEERING LTD.
(Formerly known as A2Z Maintenance & Engineering Services Limited)

1. Preamble

The Board of Directors (the “Board”) of A2Z Infra Engineering Ltd. (Formerly known as A2Z Maintenance & Engineering Services Limited) (the “Company” or “A2Z”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

The Board/Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Purpose

This policy is framed as per requirement of revised clause 49(VII) (C) of the Listing Agreement intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its Shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Applicability and Effective Date

This policy will be applicable to the Company with effect from 01 October 2014 to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

4. Definitions:-

In this Policy, unless the context otherwise requires,-

- a. “**Act**” means Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- b. “**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. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961;



- c. **“Associate Company”** means any other company, in which the 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 purpose of this clause, “significant influence” means Control of at least twenty per cent of total share capital, or of business decision under an agreement.

- d. **“Audit Committee or Committee”** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.
- e. **“Board”** means Board of Directors of the Company.
- f. **“Company”** means A2Z Infra Engineering Ltd. (Formerly known as A2Z Maintenance & Engineering Services Limited).
- g. **“Control”** shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a Director or Officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

- h. **“Key Managerial Personnel”** means managerial personnel as defined under sub section 51 of section 2 of the Companies Act, 2013 and includes
- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole- time director;
 - (ii) Company Secretary; and
 - (iii) Chief Financial Officer
- i. **“Material Related Party Transaction”** means any transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeding ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.
- j. **“Policy”** means Related Party Transaction Policy as originally framed or as altered from time to time
- k. **“Related Party”** means a person or an entity:-
- i) Which is related party under section 2(76) of the Companies Act, 2013; or
 - ii) Which is a related party under the applicable accounting standards



Related party under Section 2(76) of the Companies Act, 2013 and rules made thereunder are as follows:-

- (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 or holds along with his relatives, more than two per cent of its paid-up share capital ;
- (vi) anybody 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 (includes Joint venture) of such company; or
- b. A subsidiary of a holding company to which it is also a subsidiary;

- (ix) Director or Key Managerial Personnel of the holding company or his relative; or
- (x) Such other persons as may be prescribed by Central Government.

1. **"Related Party Transaction"** means any contract or arrangement with a related party with respect to:

- i.** Sale, purchase or supply of any goods or materials;
- ii.** Selling or otherwise disposing of, or buying, property of any kind;
- iii.** Leasing of property of any kind;
- iv.** Availing or rendering of any services;
- v.** Appointment of any agent for purchase or sale of goods, materials, services or property;
- vi.** Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii.** Underwriting the subscription of any securities or derivatives thereof, of the company.
- viii.** **"Relative"** means relative as defined under sub section 77 of Section 2 of the Companies Act, 2013 read with Companies (Specification of definitions details) Rules, 2014 and includes 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 person as:
 - a. Father (including step-father)
 - b. Mother (including step-mother)
 - c. Son (including step-son)
 - d. Son's wife
 - e. Daughter
 - f. Daughter's husband
 - g. Brother (including step-brother)
 - h. Sister (including step-sister)

5. Policy

All Related Party Transactions must be reported to the Audit Committee and needs to get prior approval of the Audit Committee for its compliance with the policy.

5.1 Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably require. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

5.2 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee. Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolutions.

5.3 Review and Approval of Related Party Transactions

Audit Committee:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation. However, the Audit Committee may grant omnibus approval for Related Party transactions proposed to be entered into with the Company which are repetitive in nature and are in ordinary course of business and on arm's length basis, subject to compliance of the conditions contained in clause 49 of the Listing Agreement.



Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party and any other relevant matters.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- ✓ Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ✓ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- ✓ Whether the Related Party Transaction would affect the independence of an Independent Director;
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- ✓ Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

Board:-

If the Committee determines that a Related Party Transaction should be brought before the Board or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

However, transactions which have been entered into by the Company in its "ordinary course of business" and which are on an "arm's length" basis are exempted.



The Company shall enter into any contract or arrangement with a Related Party subject to the following conditions, namely:

- a. As per the provisions of Section 188 of the Companies Act, 2013 and Rule 15 of the Companies (Meeting of Board and its Powers) Rules 2014, the agenda of the Committee / Board meeting at which the resolution is proposed to be moved shall disclose:
 - i. The name of the related party and nature of relationship
 - ii. The nature, duration of the contract and particulars of the contract or arrangement along with justification
 - iii. The material terms of the contract or arrangement including the value, if any
 - iv. Any advance paid or received for the contract or arrangement, if any
 - v. The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
 - vi. 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
 - vii. Any other information relevant or important for the Board to take a decision on the proposed transaction
 - viii. Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussion on the subject matter of the resolution in relates to such contract or arrangement.

Shareholders:-

All the material Related Party Transaction shall require approval of the shareholders through special resolution and the Related Party/ies with whom transaction is to be entered shall abstain from voting on such resolution.

All the transactions, other than Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholders through special resolution if so required under any law and the Related Parties shall abstain from voting on such resolution.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.



Material 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 ten percent of the consolidated annual turnover as per the last audited financial statements of the Company.

6. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

In any case where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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7. Amendments to the Policy

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

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(s), circular(s) etc.

8. Disclosure(s)

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The Company shall disclose the policy on dealing with Related Party Transactions and material subsidiary on its website and also in the Annual Report. Furthermore all the related party transactions shall be disclosed in the Annual Report of the Company. This Policy will be communicated to all operational employees and other concerned persons of the Company.

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