

AJR INFRA & TOLLING LIMITED
RELATED PARTY TRANSACTIONS POLICY

1. SCOPE AND PURPOSE OF THE POLICY

- 1.1 Related Party Transactions (“**RPTs**”) can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“**the Act**”) read with the Rules framed there under and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“**SEBI LODR**”). The Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.
- 1.2 Also, Regulation 23(1) of the SEBI LODR requires a company to formulate a policy on materiality of related party transactions and dealing with RPTs. The said policy is required to include clear threshold limits approved by the Board.
- 1.3 The Board of Directors of AJR Infra and Tolling Limited (hereinafter referred to as “**AJRITL**” or “**The Company**”) has adopted this policy on Related Party Transactions based on recommendation of the Audit Committee. The existing Related Party Transaction Policy has been reviewed by the Audit Committee and the Board.
- 1.4 Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board. In addition to the above, this Policy shall be reviewed by the Board of Directors at least once in three years.

2. OBJECTIVE

The objective of this Policy is to

- (a) Set out the materiality thresholds for the Related Party Transactions (RPT’s)
- (b) Ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and its Related Parties in compliance with the statutory provisions based on the requirements of the Act, Listing agreement, any other law, regulations and Accounting Standards as may be applicable to the Company in this regard together with the amendments as may be made from time to time.

3. DEFINITIONS

- (a) **“Act”** shall mean the Companies Act 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (b) **“Associate Company”** shall have the same meaning as defined in Section 2(6) of the Companies Act, 2013 and shall mean any Company in which the Company has significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture Company.
- (c) **“Policy”** means Policy on Related Party Transactions
- (d) **“Audit Committee”** means the Audit Committee of the Board of Directors of the Company.
- (e) **“Board”** means the Board of Directors of AJR Infra & Tolling Limited.
- (f) **“Key Managerial Personnel”** means:
- (i) Chief Executive Officer
 - (ii) Managing Director ;
 - (iii) Whole-time Director;
 - (iv) Company Secretary,
 - (v) Chief Financial Officer; and
 - (vi) Such other officer as may be prescribed by the Companies Act,2013 or the rules made thereunder.
- (g) **“Relative”** means a relative as defined in Section 2(77) of the Act and includes anyone who is related in any of the following manner:
- (i) Members of a Hindu undivided family;
 - (ii) Husband or wife;
 - (iii) Father (including step-father);
 - (iv) Mother (including step-mother);
 - (v) Son (including step-son);
 - (vi) Son’s wife;
 - (vii) Daughter;
 - (viii) Daughter’s husband;
 - (ix) Brother (including step-brother); or
 - (x) Sister (including step-sister).

(h) **“Related Party”** means such person or entity as is a Related Party under Section 2(76) of the Act or any other applicable law or accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding more than twenty (20%) percent or more of shareholding in the listed entity shall be deemed to be a related party.

(i) **“Related Party Transaction”** means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes the following transactions:

- (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 the purchase or sale of goods, materials, services or property

A **“Transaction”** with a Related Party shall be construed to include a single transaction or a group of transactions in a contract,

(j) **“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten (10%) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Act or the Listing Regulations, whichever is stricter, including any amendment or modification thereof, as may be applicable.

Notwithstanding the above, 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 (5%) percent of the annual consolidated turnover of the Company as per the last audited financial statements.

(k) **“Promoter”** and **“promoter group”** shall have the meaning assigned to them in clauses (za) and (zb) of sub-section (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

4. MATERIALITY THRESHOLDS

The Policy on Materiality is as stated in Annexure-1

5. THE POLICY

- 5.1. The Audit Committee shall review and approve all Related Party Transactions based on this Policy.
- 5.2. All proposed Related Party Transactions must be reported to the Audit Committee for prior approval by the Committee in accordance with this Policy. In case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval or omnibus approval.
- 5.3. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

6. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

- 6.1. Each Director and Key Managerial Personnel is responsible for providing notice to the Board /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 request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Board/Audit Committee may delegate such powers to the officer(s) of the Company as it deems fit.
- 6.2. As regards transactions with Related Parties that require prior approval of the Board/Audit Committee, the Company Secretary/Chief Financial Officer shall be responsible to notify the Board/Audit Committee of any such potential Related Party Transactions.
- 6.3. Such notice of any potential Related Party Transactions shall be given well in advance to the Board/Audit Committee and shall also contain adequate information about the Related Party Transactions. This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transactions.

7. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

a. Approval of the Audit Committee

i) Approval Matrix

Approving Authority	Transaction Type	Related Party Transaction (RPT)	Threshold
Audit Committee	Transactions with Related Parties in the ordinary course of business and at arm's length	All types of Transactions	Not applicable

Note: As per Regulation 23(5) (b) of the listing regulations, in case of any Material Related Party Transaction with a wholly owned subsidiary whose accounts are consolidated with such holding company, prior approval of the Audit Committee will not be required.

ii) Omnibus Approval by the Audit Committee

All Related Party transactions require prior approval of the Audit Committee. However, in case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval, subject to compliance with the conditions stipulated under the Act read with the Rules framed thereunder and the SEBI LODR including the following:

- The Audit Committee shall lay down the criteria/Framework and Guidelines for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are Regular / Repetitive in nature (either in the past or in the future);
- While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that it is in the interest of the Company.
- The omnibus approval shall specify (i) Nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed (ii) transactions which cannot be subject to the omnibus approval by the Audit Committee and (iii) such other conditions as the Audit Committee may deem fit.
- Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value of material terms of the contract or arrangement have been varied/amended. Any proposed variations/amendment to these factors shall require a prior approval of the Committee.
- Further, where the need for the Related Party Transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs 1,00,00,000 (Rupees One crore only). The details of such transactions shall be reported at the next meeting of the Audit Committee for ratification.
- The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy. Such omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.
- Any Director or Key managerial personnel who is interested in any Related Party Transactions

shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.

iii) Consideration by the Committee in approving the proposed Transactions

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

- Whether the terms of the Related Party Transaction are fair and on arm's length basis;
- Whether the Related Party Transaction is beneficial to the Company;
- Whether the transaction is a Material Related Party Transaction;
- Whether there are any business reasons for the Company to enter into the Related Party Transaction and the alternative available, if any;
- Whether the Related Party Transaction would affect the independence of the Directors/ KMP;
- Whether the proposed transaction includes any potential reputational risk issue.

b. Approval of the Board of Directors of the company

i) Approval Matrix

Approving Authority	Transaction Type	Related Party Transaction (RPT)	Threshold
Audit Committee, Board of Directors. In case the threshold is exceeded, Shareholders approval through resolution is also required (Related parties shall abstain from voting on such resolution)	Related Party Transactions which are NOT in the ordinary course of business or NOT at arm's length.	a. Sale, purchase or supply of any goods or materials. b. Selling or buying property of any kind c. Leasing of property of any kind d. Availing or rendering of any services. e. Appointment to any office or place of profit f. Underwriting the subscription of any securities or derivatives	Ten (10%) percent or more of the turnover of the company; Ten (10%) percent or more of net worth of the company; Ten (10%) percent or more of the turnover of the company; -DO- Monthly remuneration exceeding two and half lakh rupees (Rupees 2,50,000); One (1%) percent of the net worth of the Company.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- 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;
- 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;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down Clause 3 of the Policy, which are intended to be placed before the shareholders for approval.

ii) Determination of Arm's Length Transaction

In order to determine whether a transaction is at arm's length, the Audit Committee/Board will exercise its own Judgement based on its assessment from the information furnished and the relevant factors concerning each such transaction. The Audit Committee may also rely on third party professional certifications including latest available reports on pricing carried out by independent consultants to ascertain whether the transaction is at arm's length. For new transactions, the Committee may determine the appropriate methods.

iii) Ordinary Course of Business

Related Party Transactions that are part of regular business activities shall be considered to be in the ordinary course of business. The criteria that may be considered for this purpose are as below:

- Nature and scope of the transaction and its consistency in general with the operations of the Company;
- Possibility of entering such transaction with third Parties;
- Size of the transaction in relation to the prevailing market.

Note:

- a) The turnover or net worth shall be taken on the basis of the Audited Financial Statement of the preceding financial year.
- b) All the above limits are to be taken on all transactions are done on a financial year basis.

c. Approval of the Shareholders of the Company

i. Approval Matrix

Approving Authority	Transaction Type	Related Party Transaction (RPT)	Threshold
Audit Committee, Board of Directors and Shareholders	Material RPT	a) All types of Transactions excluding brand usage and royalty b) Brand usage and Royalty payments transactions	Individually or taken Together with previous transactions during a financial year, exceeds ten (10%) percent of the Annual Consolidated Turnover of the company as per the last Audited Financial Statement. Individually or taken together with previous transactions during a financial year, exceed five (5%) percent of the annual consolidated turnover of the company as per the last Audited Financial Statement.

Note :

As per Regulation 23(4) of the listing regulations, all material related party transactions shall require 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.

8. DISCLOSURES & REPORTING

- 8.1 Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on Corporate Governance;
- 8.2 The Company shall disclose the policy on dealing with Related Party Transaction on its website and a web-link shall be provided in the Annual Report;
- 8.3 The Company shall submit within 30 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 its website.
- 8.4 The Annual Report of the Company shall make disclosures in compliance with the relevant Accounting Standards on “Related Party Disclosures”.
- 8.5 Disclosure of transactions of the company with any person or entity belonging to the promoter/promoter group which hold(s) ten (10%) percent or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results.

9. NON COMPLIANCE OF THE POLICY

- 9.1 If a Related Party Transaction is entered into by the Company without being approved under the policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and all options available to the Company including ratification, revision or termination of the transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under the Policy, and take such action as it may deem appropriate.
- 9.2 A Related Party Transaction entered into without approval under this Policy shall not be deemed to violate this policy, or to be invalid or unenforceable, so long as the transaction is approved or ratified as soon as reasonably practical after any Officer/ Director of the Company becomes aware of such transaction.

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

10. CHANGES TO THE POLICY

Any changes in the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee and the Board. The Audit Committee/Board will give suitable directions/guidelines to implement the same.

Mahendra Kumar Agrawala
Chairperson - Audit Committee

Dated: _____ 2021

Policy on materiality of Related Party Transactions

1. Objective

1.1 Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, requires a company to *inter alia* formulate a policy on materiality of related party transactions (including clear threshold limits duly approved by the Board of Directors).

2. Materiality limits

2.1 A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company, or such other threshold as may be prescribed under the Explanation from time to time.

2.2 Notwithstanding the above, 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 of the Company, or such other threshold as may be prescribed under the Explanation from time to time.

3. Applicability

3.1 All material related party transactions shall require 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.