



H.G. INFRA ENGINEERING LIMITED (PART IX)
(Erstwhile Know as H.G. Infra Engineering Private Limited (Part IX))
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POLICY ON RELATED PARTY TRANSACTION

1. Preamble:

The Board of Directors (the “Board”) of **H.G. Infra Engineering Limited** (the “Company” or “**HGIEL**”), have adopted the following policy and procedures with regard to the Related Party Transactions as defined below. The Audit Committee shall review and may amend this policy as may be required.

The policy will be applicable to the Company and shall regulate the transactions between the Company and its related parties based on the laws and regulations applicable on the company.

2. Objective:

As a part of the business activity undertaken by the Company, the Company deals with entities which fall within the purview of related parties. The Company recognizes that transactions falling under the related party transactions may give rise to potential or actual conflicts of interest and may raise questions whether such transactions are in consistence with the Company’s and its shareholders’ best interests, and are in compliance to the provisions of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors of the Company has adopted this Policy upon the recommendation of the Audit Committee and the said Policy sets out the materiality threshold and provides the manner of dealing with transactions and intended to ensure the proper approval and reporting of transactions between the Company and its related parties in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges in India.

The Company is required to disclose in its Annual Financial Statements and Directors Report, certain transactions between the Company and Related Parties as well as policy relating thereto. The Related Party Transaction Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

3. Applicability

This policy shall come into force with effect from 11.09.2017 and shall be applicable to transaction made with-

- a. Board of Director & their relatives.
- b. Key Managerial Personnel (KMP) of the Company and their relatives, and
- c. Other related parties, as defined hereinafter

4. Definitions:

“**Arm’s Length Transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

“**Board**” means Board of Directors of the Company.

“**Audit Committee or Committee**” means the Committee of the Board formed under section 177 of the Act and Regulations 18 of Listing Regulations 2015.

“Control” means control as defined in Section 2 (27) of the Act and shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” shall mean the officers of the Company as defined in Section 2(51) of the Act.

“Policy” means Related Party Transaction Policy.

“Material Related Party Transaction” shall means and includes:

- Transaction with a related party if the transaction/ transactions 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 the last audited financial statements of the Company.
- Transactions which exceed the threshold limits as defined under Section 188 of Act read with rules made thereunder.
- 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Related Party (ies)” means a person or an entity:

- Which is a related party under section 2(76) of the Act, read with rule 3 of the Companies (Specification of definition details) Rules, 2014; or
- Which is related party under applicable Accounting Standards
- Any person or entity belonging to promoter/promoter group of the listed entity and holding 20% or more of the shareholding in listed entity shall be deemed to be a related party.

“Relative” shall have the meaning described to it under Section 2(77) of the Act and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014, as amended from time to time.

“Related Party Transactions” means any transaction directly or indirectly involving any Related Party as covered under Companies Act,

2013 and rules made there under which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

5. Policy

The Audit Committee shall review and approve all Related Party Transactions proposed to be entered into by the Company in conformity with this Policy.

The board shall review the policy once in every three (3) years and update it accordingly.

All the proposed Related Party Transactions must be reported to the Audit Committee for prior approval in accordance with this Policy. The Audit Committee may, however, grant omnibus approval in the case of frequent / regular / repetitive Transactions which are in the normal course of Business of the Company, subject to the conditions laid down in Clause 7 of this Policy.

In order to ensure the independence of the decision of the Audit Committee with respect to Related Party Transactions, in the event any member of the Audit Committee has a potential interest in any Related Party Transaction, such member shall not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction. Further, in accordance with the Listing Regulations, all entities that fall under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular Transaction or not.

It shall be the responsibility of the director and the Company to file the requisite form(s) as mandated under the Act or the relevant rules, containing the particulars of the Related Party Transactions before the prescribed authority.

6. Identification of Related Party:

Each director and Key Managerial Personnel shall be responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as “related Party” by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

The Board shall record the disclosure of interest as per Companies Act, 2013. The Company shall identify Related Party Transaction with Directors or Key Managerial Personnel of the Company or their relatives.

7. 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 request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

8. Amendment/Modification/Addition:

In case there are any amendments, modifications, additions, etc. in the Act, or the relevant rules, or the Listing Regulations, as a result of which this Policy is required to be amended, in such event the proposed changes in the Policy shall be placed before the Audit Committee and the Board to be reviewed and accordingly approved. Upon the approval of the changes in the Policy, the Board/ Audit Committee shall provide suitable directions/guidelines to implement the amended Policy.

Further if any contracts/arrangements pertaining to Related Party Transactions that are approved by the Audit Committee before such amendment/modification/addition, then transactions arising out of the same would not be required to be evaluated again at the time of execution of such contracts/arrangements, provided that the price, value or material terms of the contract or arrangement have not been varied / amended. It shall be the responsibility of the Head of the Finance & Accounts to monitor this process in order to ensure timely execution of the Transactions.

9. Review and Approval of Related Party Transactions:

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 an arm's length basis, subject to compliance of the conditions contained in Regulation 23 and other applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Any member of the Committee who has a potential interest in any Related Party Transaction shall 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 the necessary information, to the extent relevant, with respect to actual or potential Related Party Transaction and/or prescribed under the Companies Act, 2013 and Rules there under, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

Approval of Board of Directors

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 the Board to approve a Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and 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.

Approval of Shareholders

1. In the event the Transaction is not in ordinary course of business and not on arm's length price and exceeds the limits specified in the Act read with rules made thereunder and Listing Agreement, the Company shall, along with the approval of the Board, also seek approval of the shareholders through Resolution. In case the member of the Company is a Related Party in the concerned Transaction, such member shall abstain from voting on such resolution.
2. All material RPTs would require an approval of Shareholders through a resolution and a Related party would not vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
3. All entities falling in the definition of Related parties would not vote to approve the relevant transaction irrespective of whether the entity is a related party to the particular transaction or not.
4. The Related parties would be allowed to cast a negative vote, as such voting would not be considered to be in conflict of interest.

Transaction not requiring approval of Audit Committee, Board or Shareholders-

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board 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 where all holders of such securities receive the same benefits pro rata as the Related Party.

10. Disclosures:

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Annual Return, Board's Report and to the Stock Exchanges, which are not in ordinary course of business or on an arm's length basis along with the justification for entering into such Transaction. The Company shall disclose the Policy on its website and the web-link shall be provided in the Annual Report.

11. Scope:

In the event of any conflict between the provision of this Policy and of the Listing Agreement/ Act or any other statutory enactments, rules, the provisions of such Listing Agreement/Act or statutory enactments, rules shall prevail over this Policy.

12.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.

Effective Date: **01.04.2019**

Date of the approval by the Board: **01.02.2019**

Version: **02**

Sd/-
Chairman's Signature