AFCONS INFRASTRUCTURE LIMITED

Shapoorji Pallonji

Afcons Infrastructure Limited
Registered Office: "AFCONS HOUSE" 16, Shah Industrial Estate,
Veera Desai Road, Azadnagar P.O.,Andheri (West),Mumbai-400053
CIN-U45200MH1976PLC019335, Web Site: www.afcons.com
e-mail ID-rajendran@afcons.com Tel: (+9122) 6719 1000; Fax: (+9122) 2673 0047

NOTICE OF POSTAL BALLOT

(Pursuant to provisions of section 110 of the companies act, 2013)

To

The Members,

Notice is hereby given to the Members of Afcons Infrastructure Limited (**"the Company"**) pursuant to Section 110 of the Companies Act, 2013 (**"Act"**) (which shall include any statutory modifications, amendments or re-enactments thereto) read with the Companies (Management and Administration) Rules, 2014, (including any statutory modifications, amendments or re-enactments thereto) for seeking consent of the Members of the Company by passing Resolution by way of Postal Ballot for the following special business:

SPECIAL BUSINESS

Approval of related party transactions under Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules issued thereunder.

To consider and, if thought fit to pass with or without modification(s), the following Resolution as an **ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of:

(a) Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and Rules issued thereunder (including any statutory modification(s), amendment(s) and re-enactments thereof);
(b) the Memorandum and Articles of Association of the Company; and

(c) any other requisite consents, sanctions, approvals and permissions, as may be necessary under any other applicable laws,

consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company and/or the Audit Committee as the case may be to exercise the powers conferred by this Resolution:

(i) to execute and implement the related party transactions/contracts/arrangements entered into by the Company on or after 1 April 2015 and up to the date of this notice as specified/listed in **Annexure A** to the Explanatory Statement ; and

(ii) to approve, enter into, execute and implement the transactions/contracts/ arrangements as specified/listed in **Annexure B** to the Explanatory Statement, by the Company with related parties as on the date of this Notice as specified in Explanatory Statement and / or with any other entity (whether in existence or those which may come into existence in the future) that may be regarded as a "related party" in terms of the provisions of the Companies Act 2013 and (including any statutory modification or reenactment thereof from time to time), within the corresponding monetary limits during any financial year, as specified in the said Annexure B

RESOLVED FURTHER THAT the Board of Directors and/or the Audit Committee thereof be and is hereby severally authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution and to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient to give effect to this Resolution and for the matters connected herewith or incidental hereto including obtaining professional advise from external sources."

NOTES

1. Voting period commences from 9.30 a.m. on 23rd February, 2016 and ends on close of working hours at 5.45 p.m. on 23rd March, 2016.

2. The Explanatory Statement for the proposed Special Business mentioned above pursuant to Section 102 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014 setting out material facts is annexed to the Notice.

3. The Notice is being sent vide registered post or speed post or courier to all the Members whose names appear in the Register of Members / Record of Depositories as on 15th January, 2016.

4. The Members whose names appear in the Register of Members / Record of Depositories as on 15th January, 2016 will be considered for voting.

5. The Resolution assented by the requisite majority of Members through Postal Ballot is deemed to have been passed as if the same has been passed in the General Meeting of the Members. The date of declaration of results of the Postal Ballot will be taken as the date of passing of the Resolutions.

6. The Scrutinizer will submit her report to the Company after completion of the Scrutiny of the Postal Ballot forms. The results of Postal Ballot will be announced on 29th March, 2016 and will also be posted on the Company's website www.afcons.com.

7. The Board of Directors of the Company, at its Meeting held on 15th December, 2015, has appointed Mrs. Jigyasa Ved and failing her Mr. Mohammad Pillikandlu of M/s.Parikh Parekh & Associates, Practicing Company Secretaries as the Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner. The Postal Ballot Form and the Self-addressed postage prepaid business reply envelope are enclosed for use by the Members.

8. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed with the Assent (For) or Dissent (Against) in the attached postage prepaid business reply envelope so as to reach the Scrutinizer not later than closure of working hours at 5.45. p.m. on 23rd March, 2016 to be eligible for being considered. Assent / Dissent received after 23rd March, 2016 to be strictly treated as if no reply has been received from the Member.

9. Members are requested to kindly mention their Folio Number / Client ID Number (in case of Demat shares) in all their correspondence with the Company's Registrar in order to reply to their queries promptly.

By Order of the Board of Directors
For **Afcons Infrastructure Limited**

P. R. Rajendran
Company Secretary

Registered Office:
"AFCONS HOUSE"
16, Shah Industrial Estate,
Veera Desai Road, Azadnagar P.O.,
Andheri (West), Mumbai-400053
CIN-U45200MH1976PLC019335

Place: Mumbai
Dated: 18th February, 2016

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 102 of the Companies Act, 2013 and Explanation about reasons for the passing of the Resolution as required under Rule 15(3) of Companies (Meetings of Board and Its Powers) Rules, 2014

Section 188(1) of the Companies Act, 2013 *read with* the Companies (Meetings of Board and its Powers) Rules, 2014 provide that for entering into any contract or arrangement as mentioned under the said section, with the related party, the company must obtain prior approval of the board of directors and in case the amount of related party transaction is more than the limit mentioned under the said rules, , additionally prior approval of the Members by way of an ordinary Resolution must be obtained. The Ministry of Corporate Affairs has vide its General Circular No. 30/2014 dated July 17, 2014 clarified that contracts entered into by companies, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of Section 188 of the Companies Act, 2013 (i.e. April 01, 2014), will not require fresh approval under Section 188 till the expiry of the original term of such contracts, except where any modification in such contract is made on or after April 01, 2014. It is pertinent to note that transactions entered into with related parties in the ordinary course of business and on arm's length basis are exempted from the provisions of Section 188 (i.e. prior approval by board of directors and shareholders).

The Audit committee of the Board and the Board of Directors of the Company at their meetings held on 15th December, 2015 respectively, unanimously approved and adopted the Related Party Policy. Pursuant to the said Related Party Policy, the audit committee and the Board also approved the Related Party Transactions Framework and have authorized the Executive committee, subject to necessary compliance with the said policy and framework, to enter into the Related Party Transactions.

However, all such related party contracts / agreements / transactions are placed before the audit committee for their review and also placed before the Board at regular interval.

The Company has a presence in wider spectrum of infrastructure activities in India and Overseas. The Company is engaged in Marine Works, Highways, Bridges, Elevated Metro Works, Tunnels and Hydro Works, Oil & Gas, LNG Tanks and other general Civil Engineering Projects & Industrial Structure both in India and Overseas. The Company submits proposals/bids for various projects on taking into account various parameters/factors. When the projects are awarded, the Company executes the same through a special purpose vehicle (**SPV**) which may be in the form of 'a subsidiary', 'a joint venture company' or 'an associate company' or through unincorporated joint ventures /consortium. Consortium bidding, grant of award, construction, development, operation and maintenance of various infrastructure projects requires the Company to undertake transactions/contracts/arrangements with related parties. Also the Company during its normal course of its business borrows/ lends money from/ to Related Parties, invests and divests in shares and other securities of / in Related Parties, give/ take Corporate Guarantee/ use non-fund based facilities, give/ take rent office premises, depute personnel to the Related Parties, avail or provide services from/ to Related Parties, purchase/ sale materials and spares from/ to Related Parties, enters into sub-contracting arrangement, charges/ pays reimbursement of expenses etc.

Such transactions are repetitive in nature and considering the business requirement, market practice and distinct nature of each projects, entering into related party transaction is a necessity and in the best interest of the Company. Without entering into related party transactions / agreement / contract with such related party, the Company will not be in a position to participate in bidding for and to execute the project awarded to the Company. The Company shares its obligations and resources with its related parties at various stages of its business, as enumerated above. A significant value of the transactions that the Company enters into as part of its business activities are with related parties.

Hence, it is the commercial necessity for the Company to enter into related party transactions to continue to carry on its business and to execute the projects already on hand. All transactions which would fall under the types and proposed limits stated in the Resolution, will be carried out as part of the business requirements of the Company. Therefore, considering the business model, project requirements, complexity, volume, monetary commitment and frequency of the transactions between the Company and its related parties, approval of the Member to enter into and execute related party transactions as set out in the resolution as it is critical for the Company to not only

fulfill its contractual obligations under the project agreement but also to continue to carry on its business without disruption including protecting the interest of its stakeholders

It is pertinent to note that the related party transactions entered into or proposed to be entered into by the Company are/will be in its ordinary course of business and at arm's length basis. Therefore, approval of the shareholders is not mandatory under the provisions of Section 188 of the Companies Act, 2013 and the rules framed thereunder; however, the same is being sought as an abundant precautionary measure.

The related party transactions listed in Annexure A are likely to exceed the thresholds prescribed in Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 as amended. The maximum amount of related party transaction with respect to each related party as listed in Annexure B has been arrived at considering various parameters relevant to the execution of project involving construction and development, operation and maintenance cost of the project and financing and monetary commitment.

The Board of directors of the Company have therefore considered it expedient and necessary to seek prior approval of the shareholders for entering into and executing transactions with related parties. Your directors are of the informed view that such an approval by the shareholders is essential for:

i. Ensuring continuity of the business of the Company without disruption;
ii. Protecting reputation of the Company, its promoters and directors in the eyes of the customers, creditors and the Related Parties who are counter parties to such transactions; and ensuring that the interest of the shareholders is not adversely affected

Information as required to be disclosed under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 namely, name of the related party/director/key managerial personnel who is related, if any, nature of relationship, nature of the contract/arrangement, material terms and particulars with actual / estimated monetary value of contract/arrangement, are given in the Explanatory Statement.

The List of related parties with which transaction/ Contract /Arrangement of the nature mention under Annexure B is entered into by the Company as on the date of the Notice is attached as Annexure C.

The Board of Directors recommend passing of the aforesaid Resolution as contained in this Notice as an ordinary Resolution

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution, except to the extent of their shareholding and / or directorship in the related party and interest in the particular contract/arrangement

ANNEXURE A

List of related party transactions / contracts / arrangements entered into by the Company after 1 April 2015 and up to the date of this notice exceeding the limits specified in Rule 15 (3) of Companies (Meetings of Board and Its Powers) Rules, 2014

Sr. No.	Name(s) and nature of relationship with the Related Party	Contract Amount (Rs. in Crores)	Nature, material terms and particulars of the transactions / contract / arrangement	Name of the director or key managerial personnel who is related, if any
FELLOW SUBSIDIARIES				
1.	Sterling and Wilson Private Limited	198	Prebid Subcontract Arrangement for E & M, TVS, ECS Lucknow MRTS, Phase 1 A Project of Lucknow Metro Rail Corporation whereby Sterling and Wilson Private Limited shall perform the said work on back to back terms to the Main Contract in the event the Company is awarded the Project.	-

ANNEXURE B

List of related party transactions / contracts / arrangements proposed to be entered by the Company after the date of this notice

Below mentioned transactions/contracts/arrangements may be entered by the Company with related parties as listed in Explanatory Statement and/or any other related party as defined under Companies Act, 2013 from time to time, whether in existence or those which may come into existence in the future:

S. No.	Particulars	Materiality Threshold Limits per party transaction per Financial year (in ₹)
1.	Commercial projects (Joint Ventures/ Consortium) with Related Parties	₹ 10,000 crores
2.	Borrowing from Related Parties	₹ 500 crores
3.	Lending to Related Parties	₹ 500 crores
4.	Investment and Divestment in the Shares and other Securities of Related Parties	₹ 100 crores for both Investment and Divestment
5.	Corporate Guarantee / use of non-fund based facilities provided	Giving of Corporate Guarantee –₹ 5,000 cr. Taking of Corporate Guarantee –₹ 5,000 cr
6.	Rent for Office Premises	₹ 3 crores
7.	Deputation of personnel to the related parties	₹ 200 crores
8.	Availing of / providing services from / to related parties	Availing of Services- ₹ 1,000 crores Providing of Service- ₹ 1,000 crores
9.	Purchase / Sale of materials and spares from / to related parties	₹ 1,000 crores
10.	Sub-contracting arrangement	₹ 5,000 crores (includes both giving and taking subcontract)
11.	Reimbursement of Expenses	₹ 200 crores

Annexure C

List of related parties with which transaction/ Contract /Arrangement of the nature mention under Annexure B is entered into by the Company as on the date of the Notice:

1	Name of related party	Nature of relationship
1.	Shapoorji Pallonji & Co Pvt. Ltd.	Holding Company
2.	• Hazarat and Company Pvt. Ltd. • Afcons Corrosion Protection Pvt. Ltd. • Afcons Offshore and Marine Services Pvt. Ltd. • Afcons Infrastructure Kuwait for Building, Road and Marine Contracting WLL • Afcons Construction Mideast LLC • Afcons Overseas Construction LLC • Afcons Overseas Singapore Pte. Ltd. • Afcons Saudi Constructions LLC • Afcons Overseas Project Gabon SARL	Subsidiary
3.	• Afcons Sener LNG Constructions and Investments Pvt. Ltd.	Associate Company
4.	• Floreat Investments Ltd. • Hermes Commerce Ltd. • Renaissance Commerce Pvt. Ltd. • SP Jammu Udhampur Highway Pvt.Ltd. • Forbes & Company Ltd. • Forvol International Services Ltd. • Armada C-7 Pte Ltd. • Shapooji AECOS Construction Pvt.Ltd. • Shapoorji & Pallonji Qatar WLL • Eureka Forbes Ltd. • Sterling and Wilson Pvt.Ltd.	Fellow subsidiary
5.	• Khurody Technical Services Pvt. Ltd. • Afcons Mideast Constructions and Investment Private Limited	Directorship of Directors of the Company

By Order of the Board of Directors

P. R. Rajendran
Company Secretary

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Place: Mumbai
Dated: 18th February, 2016