

POLICY ON MATERIAL SUBSIDIARY

**E TO E TRANSPORTATION INFRASTRUCTURE LIMITED
(Formerly E TO E TRANSPORTATION INFRASTRUCTURE PRIVATE LIMITED)**

CIN: L45201KA2010PLC052810

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PREAMBLE

E To E Transportation Infrastructure Limited has, in accordance with Regulation 16(1)(c) and Regulation 24 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions (including any statutory enactments/ amendments thereof), adopted the Policy for laying down criteria for determining "Material Subsidiary (ies)" and their Governance.

The Board of Directors (the "Board") of E To E Transportation Infrastructure Limited (the "Company") has adopted the following policy and the Board may amend this policy from time to time. In the event of any conflict between the terms of this Policy and any provision in any applicable law including the Companies Act, 2013 or the SEBI Listing Regulations, the provisions in such applicable law shall prevail.

The policy is intended to augment and work in conjunction with regulatory provisions and other company policies.

OBJECTIVES OF THE POLICY

The objective of this policy is to:

- To determine the Material Subsidiary (ies) and Un-listed Subsidiary (ies).
- To provide Governance Framework for such Subsidiaries.

DEFINITIONS

- **"Act"** means the Companies Act, 2013, rules framed thereunder and any amendments thereto.
- **"Audit Committee"** shall mean a committee of Board of Directors of the Company constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **"Board"** shall mean Board of Directors of E To E Transportation Infrastructure Limited, as constituted from time to time.
- **"Company"** The words "This Company", "The Company", "Company" wherever occur in the policy shall mean "E To E Transportation Infrastructure Limited".
- **"Independent Director"** means a independent director referred to in section 149(6) of the Companies Act, 2013, and / or Regulation 16(b) of the SEBI Listing Regulations..
- **"Material Subsidiary"** shall mean a subsidiary whose income or net worth exceeds ten (10) percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- **"Policy"** shall mean this policy, as amended from time to time.
- **"Significant Transaction or Arrangement"** shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten (10) percent of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.
- **"Subsidiary"** shall mean subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules

made thereunder.

- **“Unlisted Subsidiary”** means subsidiary whose securities are not listed on any recognized Stock Exchanges.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other SEBI Regulation(s) as amended from time to time.

Applicability:

A subsidiary shall be a material subsidiary if any of the following conditions are satisfied:

- the net worth of the subsidiary exceeds 10 per cent of the consolidated net worth of Company and its subsidiaries in the immediately preceding accounting year; or
- the turnover of the subsidiary exceeds 10 per cent of the consolidated turnover of Company and its subsidiaries in the immediately preceding accounting year.”

CRITERIA FOR DETERMINING MATERIAL SUBSIDIARIES

The Audit Committee shall in its meeting, in which Audited Financial Results of the Company for previous year are considered, review all its subsidiaries on annual basis and upon that review a subsidiary fulfilling the criteria of **“Material Subsidiary”** shall be regarded as such for the current financial year.

The Company will ensure the compliance of requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to the Material Subsidiary (ies) and Un-listed Material Subsidiary (ies).

GOVERNANCE

- The Audit Committee shall review the Financial Statements, in particular, the investments made by the Unlisted Subsidiary of the Company.
- The minutes of the Board Meetings of the Unlisted Subsidiary shall be placed at the Board Meeting of the Company at regular intervals.
- The Board shall be provided periodically with a statement of all Significant Transaction and Arrangement entered into by the Unlisted Material Subsidiary of the Company.
- At least 1(one) Independent Director of the Company shall be a director on the board of the unlisted material subsidiary” whether incorporated in India or not as per the provision of Regulation 24(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose turnover or net worth exceeds twenty percent of the consolidated turnover or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

DISPOSAL OF SHARES OF “MATERIAL SUBSIDIARY” COMPANIES

The Company shall not dispose of shares in its Material Subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than or equal to Fifty Percent (50%) or cease the exercise of control over the subsidiary without passing a Special Resolution in its General Meeting except in cases where such divestment is made under a Scheme of Arrangement duly approved by Court/Tribunal, or under a Resolution Plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the Recognized Stock Exchanges within one (1) day of the Resolution Plan being approved.

DISPOSAL OF ASSETS OF “MATERIAL SUBSIDIARY” COMPANIES

Selling, disposing and leasing of assets amounting to more than twenty percent (20%) of the assets of the Material Subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of Special Resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a Resolution Plan duly approved under Section 31 of the Insolvency Code and such an event is disclosed to the Recognized Stock Exchanges within one (1) day of the Resolution Plan being approved.

SECRETARIAL AUDIT FOR MATERIAL UNLISTED SUBSIDIARIES INCORPORATED IN INDIA

Material Unlisted Subsidiaries of the Company, incorporated in India, shall undertake Secretarial Audit and shall annex with its annual report, a Secretarial Audit Report, given by a Company Secretary in Practice, in such form as specified with the Annual Report.

DISCLOSURES

The Company shall disclose in its Board's report, details of this Policy as required under the Act and the Listing Regulations, also the contents of this policy as amended from time to time shall be displayed on the Company's website viz., www.etoerail.com

LIMITATION AND AMENDMENT

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

The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed there under or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.
