

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

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

CIN: L45201KA2010PLC052810

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1. Title

This policy shall be called the Policy on materiality of related party transactions and dealing with related party transactions (“**Policy**”).

2. Commencement

The Policy shall come into force with effect from the date of listing of the equity shares of the Company on National Stock Exchange of India Limited (“**NSE**”).

3. Scope and purpose of the Policy

- 3.1 This Policy is framed as per the requirements prescribed under the Companies Act, 2013 (“the **Act**”) read with the Rules framed thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, (“**SEBI LODR Regulations**”).
- 3.2 This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee of the Board (Audit Committee) of the Company.
- 3.3 In the event of any conflict between this Policy and the SEBI LODR Regulations/ the Act or any other statutory enactments, rules, amendments, the extant provisions of the Act or SEBI LODR or any other applicable laws shall prevail over this Policy.

4. Definitions

- i. “**Act**” means the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force.
- ii. “**Applicable Law(s)**” includes (a) the Act and the rules made thereunder; (b) SEBI LODR Regulations, any other statute, law, standards, circulars, regulations or any other instruction issued by SEBI.
- iii. “**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.
- iv. “**Audit Committee**” means the audit committee of the board of directors of the Company.
- v. “**Board**” means the Board of directors of the Company.
- vi. “**Company**” means E To E Transportation Infrastructure Limited.
- vii. “**Industry Standards**” means standards formulated by the Industry Standards Forum (“**ISF**”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchange, in consultation with SEBI, for minimum information to be provided for review of the audit committee and shareholders for approval of Related Party Transactions.

- viii. **“Key Managerial Personnel” or “KMPs”** means Key Managerial Personnel as defined under the Act and includes:
- (i) Managing Director (“**MD**”), or Chief Executive Officer (“**CEO**”) or Manager;
 - (ii) the Whole Time Director;
 - (iii) Company Secretary;
 - (iv) Chief Financial Officer;
 - (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - (vi) such other officer as may be prescribed.
- ix. **“Material Modification” to any Related Party Transaction shall mean any change (increase or decrease in the consideration for such transaction, taken individually or together with such Related Party in the financial year) in such transaction** having a variance of 25% in value of the transaction already approved by the Audit Committee or Board or Shareholders, as the case may be, or such modification as may be decided by the Audit Committee.
- x. **“Material Related Party Transaction”** as mentioned in Schedule I.
- xi. **“Ordinary Course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes the following:
- (i) all such activities which are carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
 - (ii) historical practice with a pattern of frequency;
 - (iii) common commercial practice; or
 - (iv) meets any other parameters / criteria as decided by the Board/ Audit Committee, from time to time.
- xii. **“Policy”** means this policy, as amended from time to time.
- xiii. **“Related Party”** in relation to the Company means a party related with the Company in any of the ways as laid down in Section 2(76) of the Companies Act, SEBI Listing Regulations or under applicable accounting standards, each as amended.

Provided that:

Any person or entity forming a part of the promoter or promoter group of the listed entity; or any person or any entity, holding equity shares of ten per cent (10%) or more in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year;

- a. Director (other than an Independent Director) or KMP of the holding company or his relative;
shall be deemed to be a related party.
- xiv. **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:
- (i) The Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
 - (ii) The Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.;

Provided that the following shall not be a related party transaction:

- (a) The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (b) The following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. Payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. Buy-back of securities.
 - (c) Retail purchases from any listed entity or its subsidiary by its directors or key managerial personnel of the Company or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel:
- xv. **“Relative”** means any person as per Section 2(77) of the Act and rules prescribed there under read with Regulation 2(1) (zd) of the Regulations as amended from time to time, means anyone who is related to another, if:
- (i) They are members of a Hindu Undivided Family; or
 - (ii) They are husband or wife; or
 - (iii) One person is related to the another in the following manner, namely:
 - a. Father, includes step-father
 - b. Mother, includes step-mother
 - c. Son includes step-son
 - d. Son’s wife
 - e. Daughter
 - f. Daughter’s husband
 - g. Brother includes step-brother
 - h. Sister includes step-sister

- xvi. **“SEBI LODR Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- xvii. **“Senior Management”** or **“SMP”** shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board, and shall also comprise all the members of the management one level below the CEO or MD or Whole Time Director or Manager (including CEO and Manager, in case they are not part of the Board and shall specifically include the functional heads, by whatever name called and the persons identified and designated as KMP, other than Board, by the Company.

5. Interpretation

- 5.1 Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI LODR Regulations, the applicable accounting standards or any other relevant legislation/law applicable to the Company.
- 5.2 The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.
- 5.3 In case of any dispute or difference upon the meaning / interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/ provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

6. Procedure

6.1 Disclosure by Directors

- 6.1.1 Every director shall at the time of appointment/reappointment and at the beginning of each financial year provide information by way of a written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as a Related Party.
- 6.1.2 Every director, KMP and SMP shall at the time of appointment/ reappointment and at the beginning of each financial year provide the list of Relatives which are regarded as Related Party.
- 6.1.3 The directors are also required to provide the information regarding their engagement with other entity/ies during the financial year which may be regarded as a Related Party.

6.2 Identification of Transaction with Related Parties

- 6.2.1 Each director, KMP and SMP is responsible to provide a notice to the Company 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.

6.2.2 Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.

6.2.3 Any change in the list of Relatives shall be intimated by the Directors and KMPs/SMPs by way of a fresh declaration to the Company.

7. Approval of Related Party Transactions:

7.1 Audit Committee

7.1.1 All the transactions which are identified as Related Party Transactions and subsequent Material Modifications to such Related Party Transactions, should be preapproved by the Audit Committee of the Company before entering into such transaction.

7.1.2 A related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction, exceeds the lower of the following:

- (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- (ii) the threshold for material related party transactions of the Company as specified in Schedule I.

7.1.3 In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of the Company as specified in Part B of Schedule I:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

7.1.4 Only those members of the audit committee, who are independent directors, shall approve such Related Party Transactions.

7.1.5 Any member of the Audit Committee or the Board who is interested in any Related Party Transaction shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

7.1.6 Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, KMP or Senior Management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

7.1.7 The members of the Audit Committee, who are independent directors, may ratify Related Party Transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- a) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- b) the transaction is not material as defined in this policy
- c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification
- d) the details of ratification shall be disclosed along with the disclosures of Related Party Transactions to be made to the stock exchange in the format as specified by the SEBI LODR from time to time and published on the Company's website
- e) any other condition as specified by the Audit Committee

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

7.1.8 The Audit Committee shall consider the following factors while deliberating the related party transactions for its approval:

- i. Name of party and details explaining nature of relationship;
- ii. Duration of the contract and particulars of the contract and arrangement;
- iii. Nature of transaction and material terms thereof including the value, if any;
- iv. Manner of determining the pricing to ascertain whether the same is on arm's length;
- v. Business rationale for entering into such transaction; and
- vi. the details of ratification shall be disclosed along with the disclosures of related party transactions;
- vii. Any other information relevant or important for the Board to take a decision on the proposed transaction.

7.1.9 The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary subject to the following conditions:

- i. The Audit Committee shall specify the criteria for granting the omnibus approval, in line with the Policy on Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature, which shall include the following, namely:
 - a. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - b. The maximum value per transaction which can be allowed;
 - c. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - d. Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made; and
 - e. Transactions which cannot be subject to the omnibus approval by the Audit Committee.
- ii. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval:
 - (a) Repetitiveness of the transactions (in past or in future); and
 - (b) Justification for the need of omnibus approval.
- iii. The Audit Committee shall satisfy itself on the repetitiveness of the transactions and that such approval is in the interest of the Company;
- iv. Such omnibus approval shall specify the following:
 - a. name of the related parties;
 - b. nature and duration/period of the transaction;
 - c. maximum amount of transaction that can be entered into;
 - d. the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - e. such other conditions/any other information relevant or important for the Audit Committee to take a decision on the proposed transaction, as the Committee may deem fit.
- v. Where the need for a Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction
- vi. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given;
- vii. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year; and
- viii. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

7.2 Board of Directors

7.2.1 In case of a Related Party Transaction including but not limited to a transaction mentioned in Section 188(1) of the Act, which is not in the ordinary course of business of the Company or not at an arm's length basis, whether or not it is a material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.

7.2.2 Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

7.3 Shareholders' approval

7.3.1 All Material Related Party Transactions and subsequent Material Modifications as defined by the audit committee shall require prior approval of the shareholders through a resolution.

7.3.2 No Related Party shall vote on such resolutions whether the entity is a Related Party to the particular transaction or not.

7.3.3 The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

7.3.4 Further, prior approval of the shareholders of the Company shall not be required for a Related Party Transaction to which the listed subsidiary is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of SEBI LODR Regulations are applicable to such listed subsidiary. For Related Party Transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

7.3.5 The requirement mentioned in 7.3.2 shall not apply in the following cases:

- i. A company in which 90% or more members, in number, are Relatives of promoters or are Related Parties.
- ii. In respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016 subject to the event being disclosed to the recognized stock exchange within one day of the resolution plan being approved.

7.3.6 If a Related Party Transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

7.3.7 However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company, and transactions entered into between two-wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

8. Process for Dealing with Related Party Transactions

8.1 A list of all the related parties in relation to the Company received from the Directors/KMP/SMP shall be updated from time to time.

8.2 Basis the aforesaid list of the related parties, every department head shall, prior to entering into any contract or arrangement with a Related Party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.

8.3 The contract / arrangement shall not be entered in to without the necessary approval from the Audit Committee / Board / shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department head proposing the underlying contract or arrangement.

9. Reporting of Related Party Transactions

9.1 Every contract or arrangement, which is required to be approved by the Board / shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement, as per the disclosure requirement under the Act or SEBI LODR Regulations.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Directors' Report of the Company.

9.2 The Company shall submit on the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, to the stock exchange in the format specified by SEBI and publish the same on its website.

10. Industry Standards Applicability on Minimum Information to be provided for review of the Audit Committee and shareholders, for approval of an RPT:

The Company shall follow the industry standards as prescribed by SEBI and shall place the minimum required information before the Audit Committee and/or the Shareholders, as applicable, for approval of related party transactions, as prescribed therein.

These Industry Standards shall not be applicable to:

- (a) Transactions exempted under Regulation 23(5) of the SEBI Listing Regulations;
- (b) Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of the SEBI Listing Regulations;
- (c) Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) do not exceed Rs. One Crore

11. Amendments

11.1 Any change in the Policy shall be approved by the Board of the Company. The Board 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. The Policy shall be reviewed by the Board at least once every three years and updated accordingly. Any subsequent amendment / modification in the Act or the SEBI LODR Regulations and / or any other laws in this regard shall automatically apply to this Policy.

12. Communication of this Policy

12.1 This Policy shall be hosted on the website of the Company at www.etoerail.com

SCHEDULE I

MATERIAL RELATED PARTY TRANSACTIONS

A. Specified Related Party Transaction(s) u/s 188(1) of the Companies Act, 2013		
S. No.	Nature of transaction	Materiality Threshold
a)	Sale, purchase or supply of any goods or materials	Exceeding 10% of the turnover of the Company or Rs. 1,000 crore, <i>whichever is lower.</i>
b)	Selling or otherwise disposing of, or buying, property of any kind	Exceeding 10% of net worth of the Company or Rs. 1,000 crore, <i>whichever is lower.</i>
c)	leasing of property of any kind	Exceeding 10% of the net worth of the Company or 10% of turnover of the Company or Rs. 1,000 crore, <i>whichever is lower.</i>
d)	Availing or rendering of any services	Exceeding 10% of the turnover of the company or Rs. 1,000 crore, <i>whichever is lower.</i>
e)	Appointment of any agent for purchase or sale of goods, materials, services or property	As per the limit prescribed in clause a), b) and d), in case resulted into appointment of an agent.
f)	Such related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs. 2.5 lakhs.
g)	Underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding 1 % of the net worth.
B. Materiality Threshold as per Regulation 23(1) of SEBI LODR		
<p>➤ 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 Rupees fifty crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.</p> <p><i>Explanation: For the purpose of computing the thresholds stated above, the annual consolidated turnover of the Company shall be determined based on the last audited financial statements of the Company.</i></p>		

Explanation(s):

Limits specified in clauses a) to d) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a Financial Year.

Turnover or net worth shall be computed on the basis of the audited Financial Statement of the preceding Financial Year.