

## RELATED PARTY TRANSACTION POLICY

### 1. Preamble

The Board of Directors (the “Board”) of ETT Limited (the “Company” or “ETT”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

This Policy is designed to ensure the related party transactions (“RPTs”) are carried out in the ordinary course of business of the Company and are at arm’s length.

### 2. Purpose

This policy is framed as per requirement of Clause 49 of the Listing Agreement with Stock Exchanges and Section 188 of the Companies Act, 2013. This policy is intended to ensure the proper approval and reporting of transactions shall be treated appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements the transactions between the Company and Related Parties as well as policies concerning such transactions with Related Parties.

### 3. Definitions

3.1 “**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under the provisions of the Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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

3.3 “**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

3.4 “**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- i. Managing Director or Chief Executive Officer;
- ii. Company Secretary;
- iii. Whole Time Director;
- iv. Chief Financial Officer;
- v. Such other person as may be prescribed

3.5 “**Material Related Party Transaction**” means a 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.

3.6 “**Policy**” means Related Party Transaction Policy.

3.7 “**Related Party**” An entity shall be considered as related to the Company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable accounting standards.

Explanation: As per Section 2(76) of the Act, **Related party**, with reference to a Company, means:

- (i) a director or his relative;
- (ii) KMP or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director’
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid – up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:  
Provided that nothing in sub-clauses(vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- (viii) any company which is:
  - a) a holding, subsidiary or an associate company of such company’ or
  - b) a subsidiary of a holding company to which it is also a subsidiary i.e. fellow subsidiary;
- (ix) such other person as may be prescribed i.e. a director (other than an independent director) or key managerial personnel of the holding company or his relative.

3.8 “**Related Party Transaction**” is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

Explanation: A “transaction” shall be construed to include single transaction or a group of transactions in a contract

Related party transactions as defined under Section 188 of the Companies Act, 2013 are as follows:

- Sale, purchase or supply of any goods or materials;

- Selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company.

3.9 “**Relative**” means relative as defined under the Companies Act, 2013 and includes any one whose related to another, if:

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (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)
- (x) Sister (including step - sister)

3.10 “**Holding Company**” As per the provisions of Section 2(46) of the Companies Act, 2013 “Holding Company” means a Company of which companies are subsidiary companies.

3.11 “**Subsidiary Company**” As per the Provisions of Section 2(87) of the Companies Act, 2013 “subsidiary company” or “Subsidiary”, in relation to any other company (that is to say the holding Company), means a company in which the holding company:

- (i) Controls the composition of the Board of Directors; or
- (ii) exercises or control more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation: for the purposes of this clause—

- a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- b) the composition of a company's Board of Directors shall be deemed to be controlled by another company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;

- c) the expression “company” includes any body corporate;
- d) “layer” in relation to a holding company means its subsidiary or subsidiaries.

3.12 “**Associate Company**” means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

For the purpose of this clause ‘Significant Influence’ means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

#### 4. Policy

4.1 All Related Party Transactions shall require prior approval of the Audit Committee.

4.2 The Audit Committee may grant omnibus approval for upto one year, to one or more proposed Related Party Transactions in accordance with Clause 49(VII)(D) of the Listing Agreement, subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into. (ii) the indicative base price / current contracted price and the formula for variation in the price of any and (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for 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 Rs. 1 crore per transaction.

- d) Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4.3 Every Related Party Transaction which is “Material” as defined in Para 5 of this Policy, shall require approval of the shareholders by way of special resolution. All Related Parties shall abstain from voting on such resolution, irrespective of whether they are party to the particular transaction or not.

4.4 All Related Party Transactions prescribed under Section 188 of the Companies Act, 2013 which are either not in the ordinary course of business or are not at arm's length, shall require prior approval of:

- (i) Board; and
- (ii) Shareholders by way of Special Resolution. The Related party shall abstain from voting on such resolution. Where such transaction is with a wholly owned subsidiary, the resolution passed by the Holding company shall be sufficient.

4.5 All Related Party Transactions, post facto, shall be reviewed by the Committee on quarterly basis.

#### 4.6 **Review of Related Party Transactions**

To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed related any other factors the Board / Committee deems relevant.

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 Board to approve the Related Party Transaction, then 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.

- 4.7 Clause 4.1, 4.2 and 4.3 shall not be applicable to transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at general meeting for approval.

## **5. Material Related Party Transactions**

Subject to the provisions of Clause 49 of the Listing Agreement, a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## **6. Related Party Transactions not previously approved**

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as may be in accordance with this Policy for review or ratification.

The Audit Committee or Board of Directors or the Shareholders shall consider all of the relevant facts and circumstances regarding the Related party Transaction, and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

## **7. Disclosures**

- 7.1 Particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under Clause 49 of the Listing Agreement and/or the Companies Act, 2013 (including rules made thereunder), from time to time.
- 7.2 Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- 7.3 This Policy shall be disclosed on the Company's website [www.ettgroup.in](http://www.ettgroup.in) and a web link thereto shall be provided in the Annual Report of the Company.

## **8. Review / Amendment**

The Board / Audit Committee may amend, abrogate, modify or revise any or all clauses of this policy.

## **9. Interpretation**

In any circumstances where the terms of the Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to conform to the law, rule, regulation or standard.