

## **Yedeshi Aurangabad Tollway Limited Policy on Related Party Transactions**

### **INTRODUCTION**

Yedeshi Aurangabad Tollway Limited (“**Company**”) has issued the listed debt securities aggregating more than Rs. 500 Crore and therefore, it is considered as ‘High Value Debt Listed Entity’ under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“**SEBI LODR**”). Pursuant to the provisions of Regulation 23 of the SEBI LODR, the Company is required to formulate and adopt the policy on materiality of related party transactions and on dealing with related party transactions in compliance with the SEBI LODR and Section 188 of the Companies Act, 2013 (“**Companies Act**”).

The Board of Directors of the Company (“**Board**”) on the recommendation of Audit Committee of the Company (“**Committee**”) and the board of directors of the MMK Toll Roads Private Limited (“**Investment Manager**”) has approved and adopted this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“**Policy**”) in compliance with the provisions of the SEBI LODR and applicable provisions of the Companies Act, 2013 read with applicable rules made thereunder and any amendments thereto from time to time.

### **DEFINITIONS**

**Related Party:** Related Party shall have the meaning assigned to it under the SEBI LODR.

**Related Party Transactions:** Related Party Transaction(s) shall mean the transactions as defined under the SEBI LODR and the Companies Act.

**Material Related Party Transactions:** A Related Party Transaction 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 one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company, whichever is lower.

Provided that, 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 five per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**Subsequent Material Modifications:** Any subsequent modification (either individually or taken together with any previous modification) in a Related Party Transaction(s) resulting into +/- 10% or more change in the original value/consideration of such transaction(s).

### **OBJECTIVE**

This Policy has been prepared and adopted to comply with regulatory provisions in relation to the transactions of the Company with its related parties, as defined and identified under the Companies Act, SEBI LODR and the Indian Accounting Standard 24.

## **POLICY**

### **A. Audit Committee:**

- a) All Related Party Transactions and Subsequent Material Modifications thereto shall require prior approval of the Committee, as required under the provisions of the Companies Act and SEBI LODR. Only those members of the Committee who are independent directors shall approve the Related Party Transactions.
- b) All Material Related Party Transactions and Subsequent Material Modifications thereto shall require prior approval of the board of directors of the Investment Manager.
- c) a Related Party Transaction to which the subsidiary of a Company is a party but the Company is not a party shall require prior approval of the Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.
- d) The Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions in terms of regulation 23 of SEBI LODR and rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 (“**Meetings of Board Rules**”):
  - (1) the Committee shall lay down the criteria for granting the omnibus approval in line with the Policy of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
  - (2) the Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;
  - (3) the omnibus approval shall specify:
    - (i) the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
    - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
    - (iii) such other conditions as the Committee may deem fit:

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
  - (4) the Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given and provide a copy to the board of directors of the Investment Manager on a quarterly basis.
  - (5) such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

### **(i) Board of Directors and Shareholders:**

All Material Related Party Transactions and Subsequent Material Modifications shall require prior approval of the shareholders of the Company and no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

In case of specified Related Party Transactions as mentioned in section 188 of the Companies Act, prior approval of Board and/or shareholders is required for entering into any contract or arrangement with a Related Party as per the following:

- (a) **Prior approval of the Board at a meeting** - Related Party Transactions which are not in ordinary course of business or not on arm's length basis, shall be effected only with prior approval of the Board, on recommendation of the Committee and board of directors of the Investment Manager in terms of Section 188 of the Companies Act and rules, made thereunder. A director who is interested in the Related Party Transactions shall not be present at the relevant Board meeting. The Related Party Transactions approved by the Board should be referred to in the Board's report to the shareholders of the Company, along with the justification for entering into the Related Party Transaction.

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose the following:

- (i) the name of the Related Party and nature of relationship;
- (ii) the nature, duration of the contract and particulars of the contract or arrangement;
- (iii) the material terms of the contract or arrangement including the value, if any;
- (iv) any advance paid or received for the contract or arrangement, if any;
- (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (vi) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (vii) any other information relevant or important for the Board to take a decision on the proposed transaction.

- (b) **Prior approval of the shareholders by way of a resolution** - Following Related Party Transactions (including any Subsequent Material Modification thereof) shall be effected only with prior approval of shareholders, on recommendation of the Board:

- (i) Material Related Party Transactions,
- (ii) Related Party Transactions, which require approval of the shareholders in terms of Section 188 of the Companies Act and Rule 15 of the Meetings of Board Rules, made thereunder.

The explanatory statement to be annexed to the notice of a general meeting shall contain the following in addition to information that the Board considers relevant for the shareholders to take a decision:

- (i) name of the Related Party;
- (ii) name of the director or key managerial personnel who is related, if any;
- (iii) nature of relationship; and
- (iv) nature, material terms, monetary value and particulars of the contract or arrangements.

- (c) **Exemptions from shareholders' approval:**

The following Related Party Transactions are exempted from shareholder approval:

- (i) Transactions entered into between the Company and any wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; and
- (ii) Transactions entered into between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

## **(ii) Ratification of Related Party Transactions**

In the event the Company becomes aware of any Related Party Transaction that has not been approved prior to its consummation by the Committee/ Board/Shareholders (“**Approving Authority**”), as may be required, in accordance with this Policy and applicable laws, the said Related Party Transaction shall be placed before the Approving Authority, as promptly as practicable, but within 3 months from the date on which the Related Party Transaction was entered into, along with all relevant information and facts. The Approving Authority shall consider all facts and circumstances, and evaluate all options available to the Company, including but not limited to ratification, revision or termination of the said Related Party Transaction, and shall take such actions as it may deem appropriate.

The Committee may, at its discretion, also examine the internal control and reasons for failure in reporting/obtaining prior approval of such Related Party Transaction and give necessary directions as it may deem appropriate. In such cases the said Related Party Transaction shall not be deemed to violate this Policy or applicable laws, or be invalid or unenforceable, so long as post facto approval of Approving Authority is obtained as promptly as reasonably practical, but within 3 months, after it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy.

In connection with any ratification of a Related Party Transaction, the Committee/Board/Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company subject to compliance with applicable laws.

## **(iii) Disclosures/Records**

The Company shall comply with the necessary record maintenance, disclosure requirements and any other related compliance as may be applicable under the provisions of the Companies Act and rules framed thereunder, SEBI LODR and circulars issued by the SEBI/stock exchanges from time to time.

The Company shall submit to the stock exchanges, disclosures of Related Party Transactions along with standalone financial statements for the half year, in the format specified by SEBI from time to time, and publish the same on its website.

## **REVIEW AND AMENDMENTS**

- (i) In case of any inconsistency between the provisions of this Policy with the Companies Act and associated rules and SEBI LODR, then the provisions of the Companies Act and associated rules/SEBI LODR would prevail over the Policy.
- (ii) The Committee is authorised to suggest any changes/amendments to this Policy and the amended Policy shall be placed before the Board for approval in accordance with the Framework Agreement dated August 6, 2019 entered into amongst IRB Infrastructure Developers Limited, the Investment Manager, Bricklayers Investment Pte. Ltd., Chiswick Investment Pte. Ltd, Dagenham Investment Pte. Ltd., Anahera Investment Pte. Ltd., Stretford End Investment Pte. Ltd. and Croxley Investment Pte. Ltd., as amended.
- (iii) The policy shall be reviewed by the Committee at least once in every 3 years and it shall recommend any proposed changes to the Board for approval.