



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

Amended in the Board Meeting dated May 25, 2023



INDIAN ENERGY EXCHANGE LIMITED

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

TITLE

This policy shall be called the 'Policy on materiality and dealing with related party transactions'.

COMMENCEMENT

The Policy shall come in to force with effect from the date of approval of the policy by the Board.

OBJECTIVE

Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through the Companies Act, 2013, as amended ("**Companies Act**") and Regulation 23 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI Listing Regulations**") require the companies to have enhanced transparency and due process for approval of the related party transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions.

DEFINITIONS

"**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.

"**Audit Committee**" means the audit committee of the Board of directors of the Company.

"**Board**" means the Board of directors of the Company.

"**Company**" or "**IEX**" means Indian Energy Exchange Limited.

"**Material modification**" means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 20% or more or by which the transaction ceases to be in ordinary course and/or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.



Provided that change in the value of Related Party Transaction on account of Change due to revision / imposition of statutory levies like taxes, duties, etc. shall not be considered as Material Modification.

“Material Related Party Transaction” in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

“Notwithstanding the above, 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 percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.”

“Ordinary Course of Business” with reference to a transaction with a related party means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (“MOA”) of the Company as amended from time to time;
- historical practice with a pattern of frequency;
- common commercial practice; or
- meets any other parameters/criteria as decided by the Board/Audit Committee from time to time.

“Policy” means this policy, as amended from time to time.

“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 and Clause- 2 (zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Related Party Transaction” in relation to the Company means a transaction which is:

- a. a transfer of resources, services or obligations between the Company and a related party 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 transaction in a contract;
- b. a contract or arrangement with a related party with respect to:
 - i. Sale, purchase or supply of any goods or materials;
 - ii. Selling or otherwise disposing of, or buying, property of any kind;
 - iii. Leasing of property of any kind;



- iv. Availing or rendering of any services;
 - v. Appointment of any agent for purchase or sale of goods, materials, services or property;
 - vi. Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
 - vii. Underwriting the subscription of any securities or derivatives thereof, of the Company; or
- c. Defined as a “related party transaction” under the relevant provisions of the Companies Act or the SEBI Listing Regulations or any other related law, regulation, standard, etc.

INTERPRETATION

- a. Any words used in this policy but not defined herein shall have the same meaning prescribed to it in the Companies Act or rules made thereunder, The Securities and Exchange Board of India Act, 1992, as amended or rules and regulations made thereunder, the SEBI Listing Regulations, applicable accounting standards or any other relevant legislation/law applicable to the Company.
- b. The reference to the masculine gender in the Policy shall be deemed to include a reference to feminine gender.

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.

APPLICABILITY

This policy shall be applicable to all the related party transactions entered in to by the Company except the following:

- a) Loans/advances given to a related party;
- b) Guarantee given or security provided in connection with a loan to a related party;
- c) investment(s) made in a related party;
- d) Transfer/assignment of obligation under an existing contract/arrangement with a related party to some other person or related party;
- e) Amendment of an existing contract/arrangement with a related party;
- f) Cancellation of an existing contract/arrangement with a related party; or
- g) Transfer of resources assigned to one related party contract/arrangement to another related party contract/arrangement,



Provided that in case of (d), (e), (f) and (g) above, the transfer, amendment, cancellation, etc., does not result in to writing off of any amount paid by the Company or enhancement of amount payable by the Company under the said contract/arrangement or reduction in the amount payable to the Company under the said contract/arrangement or waiver of any right with adverse financial implications for the Company.

APPROVAL OF RELATED PARTY TRANSACTIONS

- (a) All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee. Related party transactions shall be approved only by the members of the audit committee, who are Independent Directors.

The approval of the Audit Committee can be granted by way of a circular resolution. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the provisions of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations.

- (b) All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- (c) Transactions with related parties exceeding such sums, as prescribed under Section 188 of the Companies Act read with relevant rules prescribed thereunder, shall require prior approval of the shareholders.
- (d) In case of related party transaction which is not in the ordinary course of business, or which is in the ordinary course of business but is not arm's length transaction, whether or not it is a material related party transaction, prior approval of the Board vide a resolution passed at the meeting of the Board shall be necessary.
- (e) 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.
- (f) Related party transaction to which subsidiary of IEX is a party but IEX is not a party, shall require prior approval of the audit committee of IEX if the value of such transaction individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover of the subsidiary.
- (g) Prior approval of the audit committee of IEX shall not be required for a related party transaction to which the listed subsidiary is a party, but IEX is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.



- (h) Audit 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 approval given. Further, such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of the financial year.

PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

- a) A list of all the related parties in relation to the Company received from the Directors shall be updated from time to time.
- b) Basis the above-mentioned list of related parties, every department 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.
- c) The contract/arrangement shall not be entered into 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 proposing the underlying contract or arrangement.

DISCLOSURE

- a) Disclosure of the related party transactions shall be made in compliance with the provisions of Regulation 23(9) of the SEBI Listing Regulations, Section 188 of the Companies Act, 2013 and applicable Indian Accounting Standards (Ind AS).
- b) IEX shall disclose the policy on dealing with related party transactions on its website and a web link thereto shall be provided in the Annual Report.

GOVERNANCE OF THE POLICY

- (a) This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.
- (b) This Policy on related party transactions shall be governed by Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or such other Rules / Regulations, as may be notified by SEBI from time to time as well as the Companies Act, 2013 read with Rules made therein under, as may be notified by MCA and in force for the time being. Accordingly, interpretation of any of the provisions should be made in consistence thereto in the implementation of this policy. Any subsequent notification, circular, guidelines or amendments under



Companies Act, 2013, SEBI (LODR) Regulations, 2015, Ind AS and all other applicable laws / rules, as may be issued from time to time shall be mutatis mutandis applicable.

AMENDMENTS

The Board of directors shall have the power to amend any of the provisions of this policy, substitute any of the provisions with a new provision or replace this policy entirely with a new policy.