



**POLICY ON MATERIALITY AND
DEALING WITH RELATED PARTY
TRANSACTIONS
OF
IRM ENERGY LIMITED**
(Formerly known as IRM Energy Private Limited)

Effective from September 24, 2022

1. OBJECTIVE AND SCOPE

The Companies Act 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time prescribe comprehensive regulatory framework governing the Related Party Transactions. The Act and the Listing Regulations also require the Companies to adopt comprehensive policy on dealing with the Related Parties.

In the context of above, in compliance with the provisions of the Act and Listing Regulations, on recommendations of the Audit Committee, the Board of Directors of IRM Energy Limited ('the Company') has adopted this Policy on Materiality and Dealing with Related Party Transactions ('the Policy').

The Policy inter-alia encompasses process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

2. DEFINITIONS

In this Policy, unless the context otherwise requires:

"Act" means the Companies Act, 2013, Rules framed thereunder & any amendments thereto.

"Arm's length transaction" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

"Board of Directors" means the Board of Directors of IRM Energy Limited.

"Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment thereto;

"Material Modification" means:

- In case of a Material Related Party transaction, any commercial change which results in either:
 - a. reduction in the revenue by 25 % or more of the overall amount approved by shareholders or;
 - b. increase in the cost by 25% or more of the overall amount approved by shareholders.

- In case of other Related Party transaction, any commercial change which results in either:
 - a. reduction in the revenue by 25 % or more of the overall amount approved by Audit Committee or;
 - b. increase in the cost by 25% or more of the overall amount approved by Audit Committee.

Provided that the above thresholds shall be subject to regulation 23 of the Listing Regulations specifying certain conditions thresholds for obtaining shareholders' approval in case of Material Related Party Transaction.

“Material Related Party Transaction” means a transaction with a Related Party, where the transaction(s) to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds Rupees One Thousand Crore or ten percent 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 Company as per the last consolidated audited financial statements of the Company.

“Ordinary Course of Business” if transactions satisfy any of the following criteria, such transactions will be generally in the Ordinary Course of Business:

- I. The transaction 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, or;
- II. There are previous instances of the Company having carried out such transaction; or
- III. These transactions are frequent over a period of time; or
- IV. The transaction should be in furtherance of the business objectives of the Company; or
- V. The transactions, if not frequent, are important to the business objectives of the Company;
- VI. The income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or
- VII. The transaction is in common commercial practice, or
- VIII. The transaction meets any other parameters/criteria as decided by the Board/Audit Committee.

This is not exhaustive criteria and the Company should assess each transaction considering its specific type, nature, value and circumstances.

“Related Party” means a person or an entity defined as related party under Section 2(76) of the Act, Regulation 2 (1) (zb) of Listing Regulations or under the applicable accounting standards.

“Related Party Transaction” means the transaction as prescribed under Regulation 2(1)(zc) of Listing Regulations and Section 188 of the Companies Act.

“Relative” in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act and Regulation 2(zd) of Listing Regulations.

Explanation: Any words used in the Policy but not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, Listing Regulations, Indian Accounting Standards or any other relevant legislation / law applicable to the Company.

3. INTERPRETATION

In any circumstances, where the terms of the Policy differ from any existing or enacted Law(s), Rule(s), Regulation(s) governing the Company, then such Law(s), Rule(s) or Regulation(s) shall prevail over this Policy.

In case of any dispute or difference upon the meaning/interpretation of any provision in the Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case 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 outside expert as it deems fit.

4. IDENTIFICATION OF RELATED PARTIES AND THE RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel (KMP) shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide requisite information about all persons, firms, entities in which he is interested whether directly or indirectly, to the Company Secretary.

On the basis of the above referred information received and basis the Act and Listing Regulations a consolidated list of related parties shall be prepared.

The potential transactions with the Related Parties, as per the above-mentioned list, shall be identified and a comprehensive proposal shall be submitted with details for requisite prior approval.

5. APPROVAL OF THE RELATED PARTY TRANSACTIONS

5.1. Approval of the Audit Committee

5.1.1 All Related Party Transactions and subsequent material modifications, subject to clause 5.1.2 of this Policy shall require prior approval of the Audit Committee, whether at a meeting or by resolution passed by circulation.

5.1.2 Related Party Transactions with the wholly owned subsidiaries are exempted and transactions entered between the two wholly owned subsidiaries of the Company, if any, from any approval requirement and would require only periodical reporting, preferably on quarterly basis.

- 5.1.3 Only Members of the Audit Committee, who are independent directors, shall approve related party transactions.
- 5.1.4 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 Audit Committee of the Company 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 consolidated turnover, as per the last audited financial statements of the Company.

Further, with effect from April 1, 2023, 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 Audit Committee of the Company 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.

Prior approval of the Audit Committee of the Company shall not be required for Related Party Transaction to which the listed subsidiary is a party, but the Company is not a party, if Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary.

Prior approval of the Audit Committee of the listed subsidiary shall suffice for Related Party Transactions of an unlisted subsidiary of a listed subsidiary of the Company.

- 5.1.5 The Audit Committee may also grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company, which are routine and repetitive in nature, if the transactions satisfy the following conditions:
- I. Such related party transactions are repetitive in nature.
 - II. Specific need of such omnibus approval i.e., the transactions are in the best interest of the Company.
- 5.1.6 The omnibus approval shall specify (a) the name/s of the related party, (b) nature of transaction, (c) duration/period of transaction, (d) maximum amount of transaction that can be entered into, (e) the indicative base price / current contracted price and the formula for variation in the price, if any and (f) such other conditions as the Audit Committee may deem fit;
- 5.1.7 Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One crore per transaction.
- 5.1.8 Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

5.1.9 In case the Committee does not approve any transaction, then it shall make its recommendations to the Board.

5.1.10 In case any member of the Committee is interested in any potential Related Party Transaction, such member shall abstain from voting when such transaction is being considered.

5.2 Approval of the Board of Directors

The following Related Party Transactions and subsequent material modifications shall be subject to prior approval of Board of Directors:

5.2.1 All kinds of transactions with the Related Parties and subsequent material modifications which are not in the ordinary course of business or not executed at an arm's length shall require approval of the Board of Directors by way of a resolution at a meeting of the Board.

5.2.2 Transactions and subsequent material modifications which are not approved by the Audit Committee or in the opinion of the Audit Committee need special consideration / determination by the Board, may be recommended to the Board for its approval.

5.2.3 Where it is mandatory under any law for Board to approve the Related Party Transactions and subsequent material modifications.

5.2.4 Related Party Transactions and subsequent material modifications, in which the Directors or the Key Managerial Personnel, are concerned or interested.

5.2.5 Where any director is concerned or interested in any potential Related Party Transaction and subsequent material modifications, such director shall abstain from voting when such transaction is being considered.

5.3 Approval of the Shareholders of the Company

5.3.1 All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, and the Listing Regulations, as may be applicable, which are not in the ordinary course of business or not an Arms' length transaction shall also require the prior approval of the shareholders through resolution and no member of the Company shall vote on such resolution, if such member is a related party.

5.3.2 Material Modifications and subsequent material modifications of material Related Party Transaction shall require prior approval of the shareholders. No Related Parties shall vote to approve the relevant transaction, irrespective of whether they are party to the particular transaction or not.

6. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED:

6.1. 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 Committee or Board or the Shareholders ('Approving Authority' for the purpose of this Clause) as may be required in accordance with this Policy, for review and ratification.

- 6.2. The Approving Authority shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision in the terms, or termination of such transaction. The decision of the Approving Authority shall be binding under such circumstances.
- 6.3. Audit committee may examine internal controls and the reasons for failure in reporting/ prior approval of such Related Party Transaction and suggest directives to strengthen the internal controls/collaboration. In connection with any review/ratification of any particular Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. DEEMED APPROVAL:

- 7.1. The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant competent authority or committee shall be deemed to be approved under this Policy. Such transactions are enumerated below:
 - 7.1.1. Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
 - 7.1.2. Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval.
 - 7.1.3. Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders including ESOPs.
 - 7.1.4. Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.
 - 7.1.5. Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

8. DISCLOSURES & REPORTING:

- 8.1. This Policy shall be disclosed on the website of the Company and a web link to the policy shall be provided in the Annual Report.
- 8.2. A summary statement of Related Party Transactions entered into by the Company shall be submitted to the Audit Committee in quarterly meetings for information, review and noting.
- 8.3. The details of Related Party Transactions shall be disclosed in the Annual report of the Company, to the Stock Exchanges and other regulatory bodies as per the

provisions of Indian Accounting Standards, the Act, Listing Regulations or any other applicable laws and regulations.

9. REVIEW AND AMENDMENTS:

- 9.1. Based on the recommendations of the Audit Committee, the Board, may review or amend this Policy at any time without any prior intimation and establish further rules or procedures, periodically and as required under the Act or Listing Regulations, to give effect to this Policy.
- 9.2. The Company Secretary and Chief Financial Officer are severally authorized to amend the Policy to give effect to any changes / amendments notified by Ministry of Corporate Affairs or SEBI w.r.t. Related Party Transactions from time to time. Such amended policy shall be periodically placed before the Audit Committee for noting and ratification.
