



**STEERING THE PLANET TO NET ZERO**

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**EKI Energy Services Limited**

**POLICY ON MATERIALITY  
OF RELATED PARTY TRANSACTIONS**

Approving Authority	Board of Directors of the Company
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## Contents

(a)	Scope.....	1
(b)	Objective of the policy.....	1
(c)	Applicability .....	1
(d)	Defintions.....	1
(e)	A Procedure For Identification of Related Parties.....	4
(f)	Transaction Covered Under Related Party Transaction.....	4
(g)	Procedure For Identification of Related Party Transactions.....	5
(h)	The Framework for Approval of Related Party Transaction Is Given Below.....	6
(i)	Reporting Procedure to Be Followed by Subsidiary Company.....	6
(j)	Procedure For Approval and Review of Related Party Transactions.....	7
(k)	Related Party Transactions Not Approved Under This Policy.....	9
(l)	Disclosure of the Policy.....	10
(m)	Policy Review.....	10

## **POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**

### **1. SCOPE**

EKI Energy Services Limited ('EKIESL' or 'the Company') has always been committed towards robust and strong corporate governance benchmarking with international practises. As a part of the business activity, EKIESL deals with entities which are related parties. EKIESL recognize that Related Party Transactions (as defined below) may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the EKIESL's and its shareholder's best interest and in compliance to the provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time.

All Related Party Transactions (RPT), as defined in this policy, shall be subject to review in accordance with the procedures set forth below. The Board has determined that the Audit Committee (the "Committee") is best suited to review all Related Party Transactions.

### **2. OBJECTIVE**

The Companies Act, 2013, together with the Rules notified thereunder, Regulation 23 of the Listing Regulations, and related circulars, clarifications, guidelines and notifications issued thereunder (together referred to as "the applicable laws"), provide a framework for regulating transactions with Related Parties.

EKIESL framed this Policy as per the requirements of the applicable laws and shall operate within the boundaries set by the laws. This Policy intends to ensure that the transactions with related parties are undertaken in compliance with the legal requirements and necessary structure for reporting is in place. EKIESL has been entering into transactions with related parties, for its business purposes from time to time. This Policy encompasses the mechanism to regulate transactions with related parties in a fair and transparent manner.

### **3. APPLICABILITY**

This policy shall be applicable to EKIESL and its group companies.

### **4. DEFINITIONS**

**"Act"** means the Companies Act, 2013, including the rules, regulations schedules, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time.

**"Arms' 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"** shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and Listing Regulations.

**“Board”** refers to Board of Directors of EKI Energy Services Limited or any Committee of the Board authorized for the purpose of this Policy.

**“Listing Regulations”** shall mean the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as may be amended from time to time.

**“Material transaction”** means a transaction with a Related Party where any 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 Company as per the last audited financial statements, whichever is lower.

**“Ordinary Course of Business”** means ‘part of doing regular business; the regular or customary condition or course of things; as things usually happen’

**“Policy”** means this Policy on Materiality of Related Party Transactions, as amended from time to time.

**“Related party”** with reference to a Company, means –

- (a) a director or his relative;
- (b) a key managerial personnel or his relative;
- (c) a firm, in which a director, manager or his relative is a partner;
- (d) a private company in which a director or manager 1 [or his relative] is a member or director;
- (e) a public company in which a director or manager 2 [and holds] is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (f) 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;
- (g) any person on whose advice, directions or instructions a director or manager is accustomed to act:

**Provided** that nothing in sub-clauses (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity;

- (h) any company which is—
  - i. a holding, subsidiary or an associate company of such company; or
  - ii. a subsidiary of a holding company to which it is also a subsidiary;
- (i) an investing company or the venturer of the company;"

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

*As per Regulation 2(zb):*

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity;  
or
- (b) any person or any entity, holding equity shares:
  - i. of twenty per cent or more; or
  - ii. of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party:]

**“Material Modification”** means any modification in the original contract or arrangement with a Related Party that would result in an increase of 5% or more on the originally approved transaction value or any modification of other material terms including non-financial terms like credit period, scope of contract etc. which were determined during approval of the contract or arrangement, specifically defined as such by the Audit Committee.

In case a modification is required pursuant to amendment to the applicable laws, it shall not be regarded as a material modification.

**“Related Party Transactions”** means the transactions as specified in Section 188 of the Act and in Regulation 2 (zc) of Listing Regulations.

As per Section 188 of the Act:

Any contract or arrangement with **a related party** with respect to—

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company.

As per Regulation 2 (zc) of the listing regulations:

A transaction involving a transfer of resources, services or obligations between:

- (a) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (b) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

***Exemption from coverage of 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 listed entity 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) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);]

**5. PROCEDURE FOR IDENTIFICATION OF RELATED PARTIES**

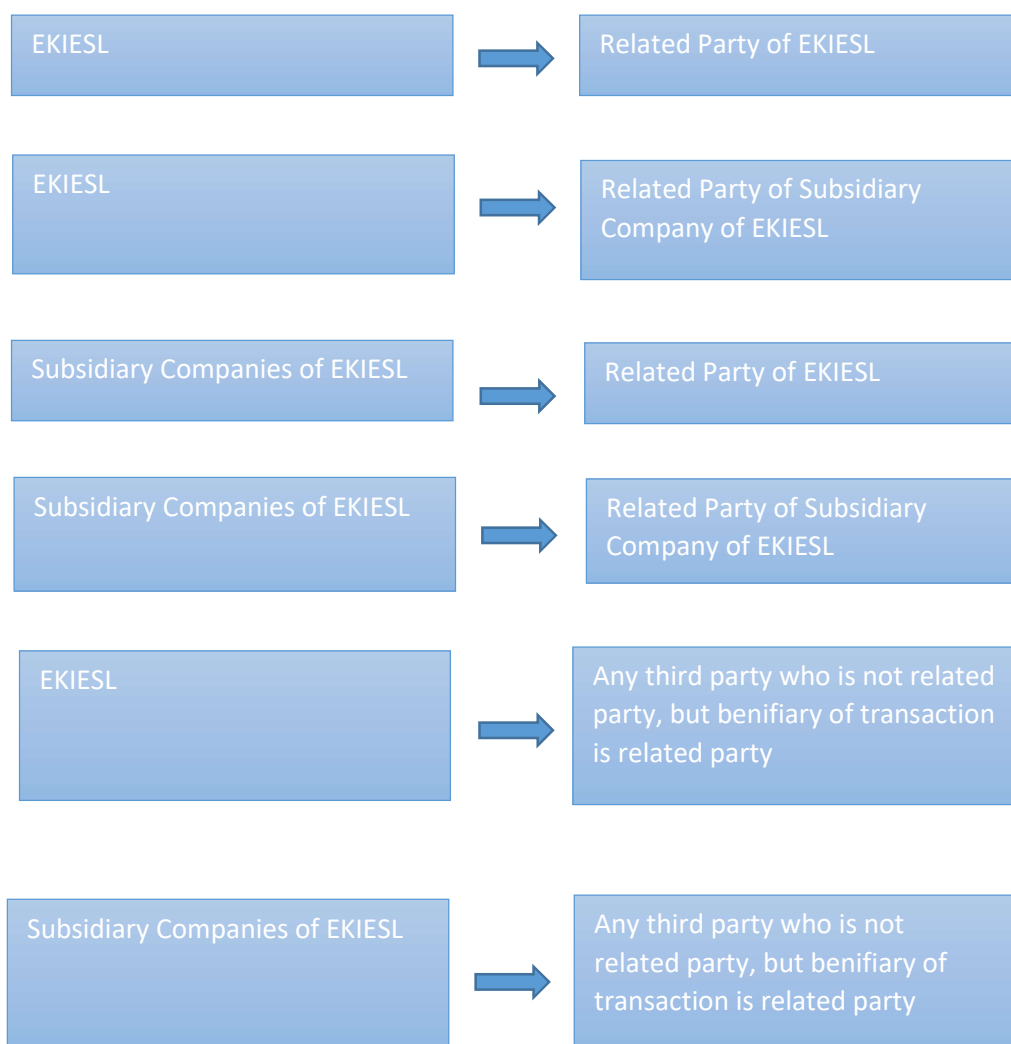
- (a) EKIESL shall identify and keep on record its related parties as per Applicable Law.
- (b) EKIESL shall obtain, on a quarterly basis, disclosure of related parties from its Directors/ Key Managerial Personnel. The list of related parties maintained by EKIESL would be based on disclosures received by it from Directors/ Key Managerial Personnel and other concerned entities/ individuals.
- (c) Each subsidiary company of EKIESL shall furnish an updated list of its related parties to EKIESL on a quarterly basis.
- (d) EKIESL shall update the list of its related parties whenever necessary, which shall be reviewed at least once a quarter.
- (e) Any subsequent change in the list of related party to be disclosure within 30 days.

**6. TRANSACTION COVERED UNDER RELATED PARTY TRANSACTION**

Any contract or arrangement with **a related party** with respect to—

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company.

***Transaction between parties as mentioned below will be covered under Related Party Transaction***



## **7. PROCEDURE FOR IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

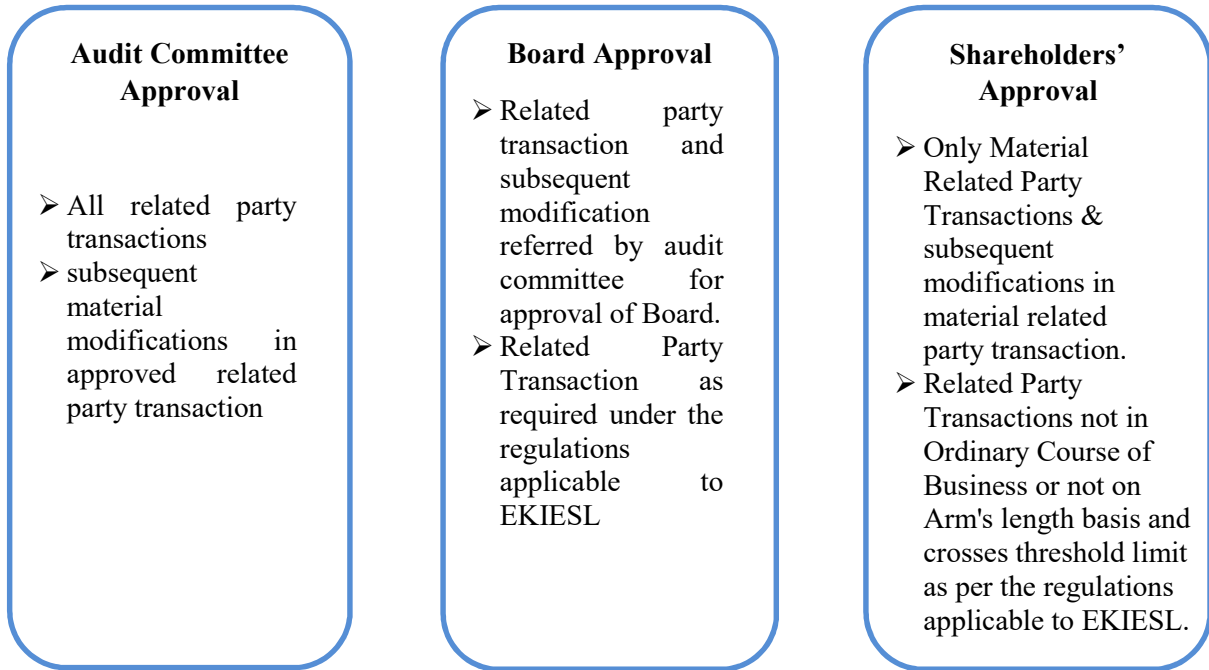
- (a) The list of related parties of the EKIESL and the consolidated list of related parties of the subsidiaries shall be furnished, on a quarterly basis, to the concerned departments of EKIESL and to all subsidiary companies.
- (b) The subsidiary companies shall provide to EKIESL on a half-yearly basis information regarding the transactions entered into with any of the related parties of EKIESL or of any of the subsidiary companies for the purpose of disclosure to the stock exchanges.
- (c) The subsidiary companies shall provide to EKIESL, from time to time, information on any proposed material Related Party Transactions and any Material modifications, for purposes of obtaining necessary approvals from EKIESL.



(d) No subsidiary company shall enter into any material Related Party Transaction (including any Material modification), unless the same has been approved by the Audit Committee/Board of the subsidiary and the Audit Committee and Shareholders of the EKIESL, as required under the Listing Regulations.

**8. THE FRAMEWORK FOR APPROVAL OF RELATED PARTY TRANSACTION IS GIVEN BELOW:**

**FOR EKIESL**



**Approval Matrix:**

All prospective Related Party Transactions will be subject to following approval matrix, as may be applicable:

Particulars of transactions	Approving Authority		
	Audit Committee	Board of Directors	Shareholders
Related Party Transactions wherein EKIESL is a Party	All	All	Material Transaction = Transaction of 10% of annual consolidated turnover or INR 1000 Cr. Whichever is less.

**Note: Limit of 10% of Turnover for related party transaction shall be counted party wise.**

The Audit Committee shall review, at least on quarterly basis, the details of related party transactions entered into by EKIESL pursuant to each of the omnibus approval given.

**9. REPORTING PROCEDURE TO BE FOLLOWED BY SUBSIDIARY COMPANY:**

**Approval Matrix:**

All prospective Related Party Transactions to be entered by the subsidiary company will be subject to following approval matrix of the listed company, as may be applicable:

Particulars of transactions	Approving authority of EKIESL		
	Audit Committee	Board of Directors	Shareholders
Related Party Transactions wherein EKIESL is a Party	if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary	The transactions approved by the audit committee should also be noted by the Board of Directors.	Material Transaction

## 10. PROCEDURE FOR APPROVAL AND REVIEW OF RELATED PARTY TRANSACTIONS

### (a) Approval of Audit Committee:

- i. All Related Party Transactions and Material modifications thereto require the prior approval of the Audit Committee in accordance with the approval matrix mentioned in this Policy, provided however, any other modifications to transactions entered into by EKIESL with its related parties will require the approval of the Audit Committee notwithstanding that such modification is a Material modification.
- ii. All relevant facts pertaining to a Related Party Transaction, including but not limited to, name of the related party, nature of relationship and value of transaction, shall be placed before the Audit Committee along with such other details as prescribed under Applicable Law from time to time or otherwise relevant or important for the Audit Committee to take a decision on the proposed Related Party Transaction.
- iii. Audit Committee shall be entitled to call for such additional information/ documents in order to understand the scope of the proposed Related Party Transaction(s) and recommend an effective control system for the verification of the supporting documents.
- iv. In determining whether approval can be accorded to a Related Party Transaction, the Audit Committee may consider the following and any other relevant factors as prescribed under Applicable Laws from time to time:
  1. whether the Related Party Transaction is in the ordinary course of business of EKIESL;
  2. whether the terms of the Related Party Transaction is on arm's length basis;
  3. whether there are any adequate reasons of business expediency for EKIESL to enter into the Related Party Transaction, after comparing alternatives available, if any;
  4. whether there is any potential reputational/ regulatory risks that may arise as a result of or in connection with the proposed Related Party Transaction; and

5. whether the Related Party Transaction would affect the independence or present an improper conflict of interest for any director or key managerial personnel of EKIESL, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of interest of the Related Party in the transaction and such other factors as the Audit Committee deems relevant.
- v. If the Audit Committee determines that a Related Party Transaction should be brought before the Board of Directors, or if the Board in any case chooses to review any such matter or it is mandatory under any Applicable Law or required under this Policy for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the Related Party Transaction, with such modification as may be considered necessary or appropriate by the Board under the circumstances.
- vi. No member of the Audit Committee/ Board shall participate in the review or approval of any Related Party Transaction in which such member is interested.
- vii. The Audit Committee may grant an omnibus approval for related party transactions which shall be valid for a period of 1 year. The conditions for according omnibus approvals will be as follows:
  1. The Related Party Transactions are repetitive in nature or foreseeable and are in the interest of EKIESL;
  2. The Related Party Transactions under the omnibus approval route shall be reported to the Audit Committee on a quarterly basis for its noting.
  3. Where the need for Related Party Transactions cannot be foreseen and the details thereof are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 100 crore of turnover as per the latest audited financial results. Such transactions shall also be reported to the Audit and Governance Committee on a quarterly basis for its noting.
- viii. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:
  1. Transactions which are not in ordinary course of business or not on arm's length and covered under Section 188(1) of the Act;
  2. Transactions in respect of selling or disposal of an undertaking of EKIESL;
  3. Transactions which are not in the interest of EKIESL;
  4. Such other transactions specified under Applicable Law from time to time.
- ix. Exceptions stipulated under Applicable Laws for Related Party Transactions shall be exempted from the scope of this Policy unless the Audit Committee/ Board of Directors of EKIESL decide otherwise.

**(b) Approval of Shareholders:**

- i. All material Related Party Transactions and Material modifications thereto require the prior approval of the Shareholders of EKIESL in accordance with this Policy and Applicable Laws.
- ii. The Audit Committee and Board of Directors of EKIESL shall approve all material Related Party Transactions before recommending the same for approval of the Shareholders.
- iii. None of the related parties of EKIESL, whether or not such related party(ies) is a party to the Related Party Transactions, shall vote to approve material Related Party Transactions, unless permitted under Applicable Law.

**(c) General:**

- i. Nothing in this Policy shall override any provisions of Applicable Law made in respect of any matter stated in this Policy and in case of conflict between the provisions of Applicable Law and this Policy, the provisions of Applicable Law shall prevail.
- ii. The Board of Directors of EKIESL shall, on an annual basis, review consolidated list of transactions with related parties.

**11. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders of the Company as required under applicable law. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders of the Company such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval; the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent as required under this policy and if it is not ratified by the Audit Committee or Board or by the Shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

## **12. DISCLOSURE OF THE POLICY**

This Policy will be uploaded in the website of EKIESL at <https://enkingint.org/> and the web link hereto will be provided in Corporate Governance section in the Annual Report.

Further, EKIESL is required to disclose the details of related party transactions as mentioned in Schedule V of Listing Regulations.

EKIESL will also submit disclosures of Related Party Transactions on a consolidated basis, as specified in Regulation 23(9) of Listing Regulations.

## **13. POLICY REVIEW:**

This Policy is framed as per the provisions of the Listing Regulations and the Act. In case of any subsequent changes in the provisions of the Listing Regulations or the Act, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once in every three years and updated accordingly.

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