Energy Development Company Limited

Policy On Related Party Transaction

1. The Policy

The Board of Directors (the "Board") of Energy Development Company Limited (the "Company") has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. Objective of the Policy

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. Definitions and Applicability

All capitalised terms used in this policy document but not defined herein shall have the meaning prescribed to such term in the Companies Act, 2013 and the Rules framed there under and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

This policy is applicable to Energy Development Company Limited.

4. Dealing with Related Party Transactions

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and / or the Board of Directors of the Company in accordance with this policy. In dealing with Related Party Transactions, the Company will follow the following approach:

I. Identification of Related Party Transactions

(a) All Related Party Transactions must be brought to the notice of the Audit Committee of the Company. Such notice of any potential Related Party Transaction should be given well

in advance so that there is adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

(b) Every director/ Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.

(c) Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.

(d) A contract or arrangement entered into by the company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.

II. Review and Approval of Related Party Transactions

(a) All Related Party Transactions or changes therein must be reported by the Chief Financial Officer, Head of Accounts Department for prior approval by the Audit Committee in accordance with this Policy.

(b) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.

(c) If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company.

(d) If prior approval of the Audit Committee / Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.

(e) In any case where either the Audit Committee/ Board / a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or

modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy.

(f) In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on term no less favourable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

(g) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.

(h) If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.

(i) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company.

(j) The 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 case price / current contracted price and the formula for variation in the price if 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.1.00 crore per transaction.

(k) Thereafter, the 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.

(l) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

(m) In addition, the Audit Committee/ the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.

(n) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

III. Related Party Transactions that shall not require Approval

Following transactions shall not require separate approval under this policy:

- Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- Payment of Dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Contribution to Corporate Social Responsibility (CSR), subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

5. Material Related Party Transaction

All Material Related Party Transactions shall be placed for prior approval of shareholders through Special Resolution. However, the Material Related Party Transactions entered between the Company and its wholly owned subsidiaries shall not require prior approval of shareholders.

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 exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

6. Standards for Review

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorised by the Audit Committee/Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider.

(a) the Related Party's interest in the Related Party Transaction;

(b) the approximate amount involved in the Related Party Transaction;

(c) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;

(d) whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;

(e) whether the transaction with the Related Party is proposed to be, or was, entered on an Arms' length basis;

(f) the purpose of, and the potential benefits to the Company from the Related Party Transaction;

(g) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction;

(h) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee director;

(i) 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 would be detrimental to the Company;

(j) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the director or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee/Board deems relevant;

(k) Required public disclosure, if any ; and

(l) Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ shareholders, as applicable in light of the circumstances of the particular transaction.

The Audit Committee/Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/Board, as applicable, may approve/ ratify/ recommend to the shareholders, the Related Party Transaction only if the Audit Committee/Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee/ Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

7. Disclosure(s)

The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.

(a) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(b) The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.

(c) The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party

8. Amendments to the Policy

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

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Effective from 01.12.2015