

**POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS**  
**AND ON DEALING WITH RELATED PARTY TRANSACTIONS (w.e.f.**  
**01<sup>st</sup> April, 2022)**

**I. INTRODUCTION**

This policy is made in supersession of existing Related Party Transactions Policy and has been drafted in accordance with the provisions contained under Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time.

The Board of Directors of the Company has adopted the Policy and procedure with regard to the Related Party Transactions (stated below). The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Applicable Laws.

**II. OBJECTIVES**

The Board of Directors (the “Board”) of OBL has adopted Policy on materiality of related party transactions and on dealing with related party transactions (this “Policy”) to set forth the procedures under which transactions with Related Parties shall be reviewed for approval or ratification in accordance with the procedures set forth below.

No Related Party Transaction may be entered into by the Company except in accordance with the provisions of this Policy.

**III. DEFINITION & INTERPRETATIONS**

- (a) “Act” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- (b) “Arm’s Length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length basis, guidance may be taken from the transfer pricing provisions under the Income-Tax Act, 1961.
- (c) “Audit Committee” means committee of Board of Directors of the Company.
- (d) “Board of Directors” or “Board” means the Board of Directors of the Company in terms of the Act.
- (e) “Company” means ‘OBL’ or ‘Orient Bell Limited’.
- (f) “Key Managerial Personnel” means the Key Managerial Personnel of the Company in terms of the Act.
- (g) “Listing Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, amendments, clarifications, circulars or reenactments thereof.

- (h) “Material modification(s)” means any modification to the existing Related Party Transaction which were approved by the Audit Committee or by the Board of Directors or Shareholders, as the case may be, during the year which impacts the value of such Related Party Transaction by 5% or more.

Provided further that the following shall not be considered as material modification(s):-

- (i) modifications which may be mandated pursuant to any change in law or constitution of parties;
- (ii) modifications which are purely technical and do not result in substantive change or alteration of rights, interest and obligations of any of the parties;
- (i) “Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 Crore (Rupees one thousand crore only) or 10% (ten percent) of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements.

Provided that in case of any amendment to the Act or Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board.

Provided further 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 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.”

- (j) “Policy” means the current Policy on Related Party Transactions, including amendments, if any, from time to time.
- (k) “Related Party” means a related party as defined under the Act read with Regulation 2(1)(zb) of the Listing Regulations, as amended.
- (l) “Related Party Transaction” means such transactions as specified under the Act and Regulation 2(1)(zc) of the Listing Regulations, including any amendment or modification thereof, as may be applicable.
- (m) “Relative” means a relative as defined under the Act and Regulation 2(1)(zd) of the Listing Regulations, including any amendment or modification thereof, as may be applicable.
- (n) “Transaction” with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

#### **IV. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

##### **AUDIT COMMITTEE**

1. All Related Party Transactions and subsequent Material Modification thereto shall be subject to the prior approval of Audit Committee whether at a meeting or by resolutions by circulation. However, Audit Committee may grant prior omnibus

approval for Related Party Transactions proposed to be entered by the company which are repetitive in nature and are in the ordinary course of business and satisfy the Arm's Length basis subject to the provisions of Companies Act and Listing Regulations.

While considering any Related Party Transaction and subsequent Material Modification thereto, the Audit Committee shall take into account all relevant facts and circumstances, including the terms and business purpose of such Transaction, the benefits to the Company and to the Related Party, whether such Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction and any other relevant matters.

2. Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction and subsequent Material Modification thereto and shall not be counted in determining the presence of quorum when such Transaction is considered.

#### **BOARD OF DIRECTORS/ SHAREHOLDERS**

1. Any Related Party Transaction and material modifications thereto that deviate from the principle of arm's length price or not done in ordinary course of business or exceeds such sum as may be prescribed under section 188 of the Companies Act, 2013 shall also require approval of Board of Directors and/or shareholders of the company in terms of the requirements under the Act and/or Listing Regulations.
2. Any director who is interested or has potential conflict of interest in any Related Party Transaction, will not remain present or shall abstain from discussion and voting on the approval of such Related Party Transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.
3. All Material Related Party Transactions and material modifications thereto shall require prior approval of the Shareholders through resolution and the Related Parties shall abstain from voting on such resolutions. No Related Party shall vote to approve the relevant transaction whether the entity is a related party to a particular transaction or not.

#### **V. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board of Directors or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

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

## **VI. DISCLOSURE**

Details of any Material Related Party Transactions shall be disclosed to the stock exchange quarterly along with the compliance report on corporate governance.

The Company shall submit disclosure of Related Party Transactions in the prescribed format to the stock exchange and publish the same on its website.

The Company shall disclose the Policy on its website and weblink shall be provided in the Annual Report.

## **POLICY REVIEW**

This Policy is framed based on the provisions of the Companies Act, 2013, and rules there under and the requirements of Listing Regulations. In case of any subsequent changes in the provisions of the Companies Act, 2013, or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations 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 and updated by the board of directors at such intervals as provided in Companies Act, 2013 and rules made thereunder and Listing Regulations as amended from time to time.