

Orient Electric Limited

Related Party Transaction Policy

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INTRODUCTION

Orient Electric Limited (the "**Company**" or "**OEL**") recognizes that Related Party Transactions (*as defined below*) can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its shareholders' best interests. Therefore, this Policy regarding the review and approval of Related Party Transactions has been adopted by the Company's Board of Directors ("**Board**") in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified by the Audit Committee / Board of Directors / shareholders as per the Companies Act, 2013 ("**Companies Act**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") as may be amended from time to time.

This Policy is adopted by Board of Directors in their meeting held on January 23, 2018 and shall be effective from the date of its adoption by the Board. This Policy was reviewed and amended by the Board of Directors in their meeting held on March 27, 2019. Now, in light of the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 effective from April 1, 2022, this policy is further amended by the Board of Directors in their meeting held on March 23, 2022.

1. DEFINITIONS

For the purposes of this Policy, the following definitions apply:

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

"Directors" shall mean the board of directors of the Company;

"Key Managerial Personnel" shall mean any of the following officers of the Company:

- (i) the Managing Director or Chief Executive Officer or Manager and in their absence, Whole-time director;
- (ii) the Chief Financial Officer;
- (iii) the Company Secretary;
- (iv) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (v) such other officer as may be prescribed

"Material Related Party Transactions" shall mean a transaction with a Related Party, if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds one thousand crore or 10% (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 5 % (five percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Material Modifications” shall mean: triggering of any of the following conditions whether individually or in aggregate:

- (i) Change in overall transaction value of any Material Related Party Transaction beyond 10%; or
- (ii) Extension in duration of any Material Related Party Transaction contract beyond a period of 6 months from the agreed tenure; or
- (iii) Such other criteria as may be prescribed by the Audit Committee on case to case basis.

“Officer(s)” shall mean the Chief Financial Officer or Company Secretary of the Company and such other personnel as designated by the Audit Committee or the Board from time to time;

“Policy” shall mean this Related Party Transaction Policy.

"Related Party" means a related party as defined under Section 2(76) of the Companies Act or under the applicable accounting standards

Provided that:

- (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 20% or more; or
- (ii) of 10% or more, with effect from April 1, 2023, (if the Listing Regulations so require)

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year;

shall be deemed to be a related party.

"Related Party Transaction" shall have the same meaning as ascribed to such term under the Listing Regulations, including such transactions listed in Section 188(1)(a)-(g) of the Companies Act and any subsequent modifications made thereto.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and the Listing Regulations, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

For detailed definition under respective laws refer Annexure A

2. PROCEDURES

- (a) Each of the Directors and Key Managerial Personnel shall provide to the Officer the Related Party list on an annual basis and intimate changes thereon, from time to time; Refer Annexure B for list of related parties of Directors and KMP.
- (b) Additionally, at the end of every financial year, a list of shareholders who at any time during the immediately preceding financial year have held prescribed % shareholding will be prepared for the purpose of identification of Related Party.
- (c) Prior to entering into any transaction with Related Party, the Officers shall analyze such transaction in consultation with management and with outside counsel, if required, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction, requiring compliance with this Policy.
- (d) Once identified as a Related Party Transaction by the Officer, all such Related Party Transactions shall be reported to the Audit Committee by the Officer, or in the event that the Officer has an interest in the Related Party Transaction, the transaction shall be reported to the Audit Committee by the Managing Director of the Company.
- (e) The Audit Committee shall be provided with all material facts including information/details as required under the Companies Act and Listing Regulations in connection with all new, existing or proposed Related Party Transactions, or material modifications thereto proposed to existing Related Party Transactions.
- (f) The Audit Committee will thereafter determine whether:
 - (i) to approve the Related Party Transaction; or
 - (ii) to approve the Related Party Transaction and refer the Related Party Transaction to the Board for its consideration and approval as may be required under the Companies Act or Listing Regulations, or
 - (iii) to reject the Related Party Transaction.
- (g) Upon such determination as described in sub-clause (f) above, the Audit Committee shall follow the procedure prescribed below:
 - (i) If the Audit Committee approves the Related Party Transaction, it shall refer all Related Party Transactions, requiring approval of the Board under this Policy or under the Companies Act or any other applicable provisions of law, to the Board.
 - (ii) Following Related Party Transactions if not in the ordinary course of business of the Company or are in the ordinary course of business but are not on Arm's Length Transactions basis, shall require prior approval of the Board:
 - 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. a 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.

(iii) Further, all Material Related Party Transactions including material modifications thereof shall require prior approval of the Board.

(iv) If the Audit Committee determines the Related Party Transaction to be a transaction requiring Omnibus Approval, it shall record the reasons why the Related Party Transaction is considered for Omnibus Approval and therefore, does not require the specific approval of the Board.

(v) If the Audit Committee disapproves a Related Party Transaction, it shall record the reasons for disapproving such Related Party Transaction.

(h) In assessing a Related Party Transaction, the Audit Committee / Board shall consider such factors as it deems appropriate, including without limitation:

- (i) The business reasons for the Company to enter into the Related Party Transaction;
- (ii) The approximate value of the transaction;
- (iii) The general description of the transaction, including the material terms and commercial reasonableness of the terms of the Related Party Transaction;
- (iv) Whether the terms and conditions of the Related Party Transactions are on an Arms- length basis.
- (v) Whether the terms of the Related Party Transaction are fair to the Company and on the same basis as would apply if the transaction did not involve a Related Party;
- (vi) The materiality of the Related Party Transaction to the Company;
- (vii) The extent of the Related Party's interest in the Related Party Transaction;
- (viii) The actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction;
- (ix) Whether such transaction is in the ordinary course of business.
- (x) Whether the Related Party Transaction would affect the independence of an independent director;

(i) Shareholder's approval for Related Party Transactions:

(i) All Material Related Party Transactions and subsequent Material Modification(s) can be entered into only after obtaining the prior approval of the Company's

shareholders by way of a resolution, as prescribed in the Listing Regulations, irrespective of whether such Related Party Transactions have been entered into in the ordinary course of business of the Company or otherwise, and the Related Parties shall abstain from voting in favour of such resolution.

(ii) In addition to the above, all Related Parties Transactions falling under the categories enlisted in paragraph (g) (ii) above which

- a. are not on an Arm's Length Basis or not in the ordinary course of business; and
- b. meets the conditions and threshold prescribed in the Companies Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 or any modification(s) therein, shall be placed before the shareholders of the Company for their approval.

For such Related Party Transactions, any shareholder of the Company who/which is a Related Party in the context of the proposed Related Party Transaction shall abstain from voting. However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

(j) In the event that the Officer becomes aware of a Related Party Transaction that was not previously approved under this Policy, the Officer shall notify the Audit Committee, and the Audit Committee, if required under this Policy, shall refer such transaction to the Board and the Audit Committee / Board will consider whether the Related Party Transaction should be ratified or rescinded.

The Board / Audit Committee 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, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

Related Party Transaction entered into without approval shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the notice of the Audit Committee / Board as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this Policy.

(k) Subject to the provisions of the Companies Act, a Related Party Transaction may be approved by the vote of a majority of the directors at a meeting of the Audit Committee / Board. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

(l) No director who is a Related Party shall participate in the evaluation or approval of any Related Party Transaction for which he or she is a Related Party.

3. OMNIBUS APPROVAL

- i. The Audit Committee shall specify the criteria for making the omnibus approval which shall include the following :-
 - a. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - b. the maximum value per transaction which can be allowed;
 - c. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - d. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each of the omnibus approval made;
 - e. transactions which cannot be subject to the omnibus approval by the Audit Committee.
- ii. The Audit Committee shall consider the following factors while granting the omnibus approval, namely: -
 1. repetitiveness of the transactions (in past or in future);
 2. justification for the need of omnibus approval.
- iii. The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
- iv. The omnibus approval shall contain or indicate the following: -
 1. name of the related parties;
 2. nature and duration of the transaction;
 3. maximum amount of transaction that can be entered into;
 4. the indicative base price or current contracted price and the formula for variation in the price, if any; and
 5. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

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 rupees one crore per transaction.

- v. 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.
- vi. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- vii. Any other conditions as the Audit Committee may deem fit.

viii. Thereafter, the 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.

4. 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.

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

6. DISCLOSURE

All Related Party Transactions shall be disclosed to such persons and governmental and / or regulatory authorities, in the manner prescribed, if required, under the Companies Act / Listing Regulations. Provided, further, the Company is also required to disclose this Policy on its website.

7. REVIEW OF THE POLICY

The Board shall review the Related Party Transaction Policy from time to time, but at least once in every three years, based on the changing needs and make suitable modifications as may be necessary.

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.

Date:

Place: New Delhi

Managing Director & CEO

Definition - Related Party Transaction(s)

As per Regulation 2(zc) of SEBI (Listing Obligations and Disclosure Requirements Regulations), 2015 (Listing Regulations)

“Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) 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
- (ii) 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.

Provided that the following shall not be a 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 recognised stock exchange(s)

As per Section 188 (1) (a)-(g) of Companies Act, 2013

Following transactions which are not in ordinary course of business or are in the ordinary course of business but are not on Arm’s Length basis with related parties, shall be considered as related party transactions:

- (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.

Related Parties for Directors and KMP include the following

Following shall be the related parties of Directors and Key Managerial Personnel:

- i. all the members of HUF of which the Director or KMP is a member;
- ii. spouse
- iii. Father includes step-father:
- iv. Mother includes the step-mother:
- v. Son includes the step-son:
- vi. Son's wife.
- vii. Daughter.
- viii. Daughter's husband.
- ix. Brother includes the step-brother:
- x. Sister includes the step-sister.