

ORIENT ABRASIVES LIMITED

Related Transaction Policy

1. Preamble:

The Board of Directors ("the Board") Orient Abrasives Limited (the "Company or OAL"), on the recommendation of Audit Committee has adopted the following Policy and procedure in relation to Related Party Transactions. The Policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the Law and Regulation.

This Policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. Purpose:

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("Listing Regulations") and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

Related Party Transactions are considered appropriate only if they are in the best interests of the Company and its Shareholders. The Company is required to disclose each year in the Financial Statements and in the Annual Report transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. Definitions

- i. "Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Section 177 of Companies Act, 2013 and as per Regulation 18 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for audit related purpose.
- ii. "Policy"** means Policy on Related Party Transactions.
- iii. "Board"** means Board of Directors of the Company.
- iv. "Companies Act, 2013"** means the Companies Act, 2013 read with the Rules framed thereunder [including any modification(s) / amendment(s) / re-enactment(s) thereof].
- v. "Related Party Transaction"** means such transaction as specified under Section 188 of the Act and the rules made thereunder and Regulation 2 (zc) of the SEBI Listing Regulations including any amendment or modification thereof, as may be applicable, from time to time.
- vi. "Material Related Party Transaction"** means 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 ten percent of the annual consolidated turnover as per the last audited financial statements of the Company.

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 the previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

vii. “Related Party” means

- a) Any person or entity as defined under sub-section 76 of Section 2 of Companies Act, 2013 including any amendment or modification thereof, as may be applicable, from time to time; or
- b) Any person or entity as defined under the applicable accounting standard.
- c) Any person or entity as defined under Regulation 2 (zb) of SEBI Listing Regulations including any amendment or modification thereof, as applicable, from time to time.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

viii. “Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

ix. “Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Significant Influence: - means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

Joint venture: - means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the Net assets of the arrangement.

x. “Key Managerial Personnel” or “KMP” means:

- a. The Chief Executive Officer (CEO) or the Managing Director or the Manager or The Whole- time director; as defined under the Act;
- b. The Company Secretary; and
- c. The Chief Financial Officer (CFO)
- d. Such other officer as may be prescribed

4. Policy:

All Related Party Transactions must be reported to the Audit Committee and referred for approval of the Committee or the Board or the Shareholders as required under this Policy.

A. Identification of Potential Related Party Transactions:

- I. Every Director and the Key Managerial Personnel will be responsible for providing a declaration in the prescribed format on an annual basis to the Company Secretary and will also be responsible to update the Company Secretary of any changes therein immediately on him / her becoming aware of such changes.
- II. The Company Secretary shall maintain an updated database of Company's related parties containing the names of individuals and entities, identified on the basis of the definition set forth in the definition section above and the declaration as received from the Directors and Key Managerial Personnel. The database shall be reviewed quarterly by the Company Secretary and the Functional Heads looking after Accounts and Finance function.
- III. Every Director, Key Managerial Personnel, Functional Heads and/or Company Secretary will be responsible for providing prior notice to the Board/Audit Committee of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may reasonably request. This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).
- IV. The Board/Audit Committee will determine whether the transaction, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Board/Audit Committee may delegate such powers to the officer(s) of the Company as it deems fit.

B. Approval for Related Party Transactions:

The Company shall not enter into any Related Party Transaction except as stated hereinafter.

a) Transactions requiring approval of Audit Committee:

All Related Party Transactions shall require approval of the Audit Committee, the Audit Committee shall grant omnibus approval to Related Party Transactions that are;

- i. repetitive in nature; and/or
- ii. entered in the ordinary course of business and are at Arm's Length.
- iii. Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:
- iv. The transaction in question is necessary to be executed as it is in the business interest of the Company;
- v. If the transaction to be entered into with a Related Party is concerning technology transfer, intellectual property or specialized services that are proprietary in nature;
- vi.
- vii. The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at Arm's Length and in ordinary course of business;
- viii. Such omnibus approval shall specify:

- a. the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
- b. the indicative value and the formula for variation in the value, if any and
- c. such other conditions as the Audit Committee may deem fit;

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

In case of any Related Party Transactions that cannot be foreseen or transactions in respect of which complete details are not available, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs.1 crore per transaction in a financial year.

- ix. The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.
- x. In an unforeseen event where a Related Party Transaction is to be entered, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.
- xi. Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.
- xii. Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will rescue him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

b) Transactions requiring approval of Board:

Following transactions shall require a prior approval of the Board:

- Related Party Transactions which are not in the ordinary course of business or not at arm's length price.
- Material Related Party Transactions.

Any member of the Board who has a potential interest in such Related Party Transaction will rescue him or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

c) Transactions requiring approval of Shareholders of the Company:

- All Material Related Party Transactions shall require approval of the Shareholders of the Company by way of a special resolution passed at the general meeting of the

Company; and all Related Parties shall abstain from voting on such resolution irrespective of whether the entity is a party to the particular transaction or not.

-All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act as amended from time to time requiring the approval of shareholders, shall require a approval of the Shareholders by way of a special resolution passed at the general meeting of the Company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.

C. Approval & Review Mechanism:

- a) While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.
- b) A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.
- c) Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.
- d) The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.
- e) On a quarterly basis, the management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions.

D. Disclosure:

Appropriate disclosures as required under the Laws shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.

5. General:

- a) The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy from time to time for making suitable amendments and for better implementation of the Policy.
- b) The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- c) The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The

Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or tabled before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

- d) Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.