

Orient Cement Limited

Related Party Transaction Policy

INTRODUCTION

Orient Cement Limited (the "**Company**" or "**OCL**") 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.

This Policy was adopted by Board of Directors in their meeting held on November 5, 2014 and was reviewed and amended by the Board of Directors in their meeting held on March 22, 2019. 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 25, 2022 and will be effective from April 1, 2022 unless otherwise specified in Listing Regulations.

I. 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.

"Audit Committee" shall mean Committee of the Board of Directors of the Company duly constituted under the provisions of SEBI Listing Regulations and the Companies Act.

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

"Key Managerial Personnel or KMP" 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 under the Companies Act.

"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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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

- a. Change in overall transaction value of any material Related Party Transaction beyond 10% of the approved amount or;
- b. Extension in duration of any material Related Party Transaction contract beyond a period of 6 months from the agreed tenure or;
- c. 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 or such other personnel as designated by Audit Committee or the Board from time to time.

“Policy” shall mean this Related Party Transaction Policy.

“Related Party” shall have the same meaning ascribed to such term under Section 2(76) of the Companies Act or under the applicable accounting standards, as may be amended from time to time and includes the following:

- (a) any person or entity forming a part of the promoter or promoter group of the Company; 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 or such other time as may be prescribed;

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.

“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.

II. PROCEDURES

- (a) Each of the Directors and Key Managerial Personnel shall provide to the Officer, the list of their Related Parties 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 quarter, a list of shareholders who at any time during the immediately preceding quarter have held prescribed percentage of shareholding as provided under Listing Regulations, will be prepared for the purpose of identification of Related Party.
- (c) Prior to entering into any transaction with Related Party, the Officer 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 and if yes, to determine whether the transaction is in the ordinary course of business of the Company and at arm’s length, requiring compliance with this Policy.

- (d) Once identified as a Related Party Transaction by the Officer, such Related Party Transaction 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) The following Related Party Transactions which are not in the ordinary course of business of the Company or are in the ordinary course of business but are not Arm's Length Transactions thereto shall require prior approval of the Board pursuant to provisions of Section 188 of the Companies Act:
 - (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 thereto shall require prior approval of the Board and shareholders of the Company, as the case may be.
 - (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 rejects a Related Party Transaction, it shall record the reasons for rejecting 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) Whether such transaction is in the ordinary course of business.
 - (viii) The extent of the Related Party's interest in the Related Party Transaction;
 - (ix) The actual or apparent conflict of interest of the Related Party participating in the Related Party Transaction;
 - (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 under Listing Regulations, irrespective of whether such Related Party Transactions have been entered into in the ordinary course of business of the Company or is an Arms' Length Transaction or otherwise, and the Related Parties shall abstain from voting in favour of such resolution.
 - (ii) In addition to the above, all Related Party Transactions falling under the categories enlisted in paragraph g(ii) above which (a) are not Arm's Length Transactions or not in the ordinary course of business; and (b) exceed the thresholds laid down under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders 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 on such transaction.
- (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.
- (k) 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/ Board deems appropriate under the circumstances.
- (l) 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.
- (m) Subject to the provisions of the Companies Act, a Related Party Transaction may be approved by the vote of a majority of the directors/members, as the case may be, at a meeting of the Audit Committee / Board. However, for the calculating the majority of votes in favour of the

proposal by the Audit Committee members, only the votes casted by the Independent Directors shall be counted.

- (n) 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.

III. OMNIBUS APPROVAL

1. 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.
2. The Audit Committee shall consider the following factors while granting the omnibus approval, namely: -
 - a. repetitiveness of the transactions (in past or in future);
 - b. justification for the need of omnibus approval.
3. 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.
4. The omnibus approval shall contain or indicate the following: -
 - a. name of the related parties;
 - b. nature and duration of the transaction;
 - c. maximum amount of transaction that can be entered into;
 - d. the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - e. 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 shall have the authority to grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

5. 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.
6. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
7. Any other conditions as the Audit Committee may deem fit shall be observed in respect of Omnibus approval.

8. 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.
9. 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.
10. Nothing stated in this Policy shall override any provisions of law made in respect thereof.

IV. 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 and provide the web link in the Annual Report.

V. 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:25-03-2022
Place: New Delhi

(Managing Director & CEO)

Definition of 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 Arm’s Length 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:

Annexure B

Related Parties for Directors and Key Managerial Personnel

Following shall be the related parties of Directors and KMP:

- 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).