

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS, 2019

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.

Orient Bell Limited (the “Company” or “OBL”) would, in ordinary course of business, enter into transactions with a Related Party or parties.

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.

DEFINITION & INTERPRETATIONS

Words and expressions used in this policy shall have the same meaning as respectively assigned to them under Companies Act, 2013 and rules made thereunder and Listing Regulations as amended from time to time.

MATERIALITY OF RELATED PARTY TRANSACTIONS

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements or such sum as may be prescribed under Listing Regulations and as amended from time to time.

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 two percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

DEALING WITH RELATED PARTY TRANSACTIONS

1. All Related Party Transactions shall require prior approval of Audit Committee. Audit Committee and Board of Directors may grant omnibus approvals for Related Party Transactions proposed to be entered by the company subject to the provisions of Companies Act and Listing Regulations subject to an overall threshold limit of Rupees One crore per transaction.

2. All Related Party Transactions shall be on arm's length price.
3. All Related Party Transaction 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 be approved by Board of Director and by prior approval of shareholders of the company.
4. Further, all Material Related Party Transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to a particular transaction or not.
5. All entities falling under the definition of Related Party shall not vote to approve the relevant transaction irrespective of whether the entity is a related party to a particular transaction or not.
6. Any director who is interested in any contract or arrangement with a related party shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

DISCLOSURE

Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as a part of Directors' Report. This Policy will also be uploaded on the website of OBL.

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.