



POLICY ON RELATED PARTY TRANSACTIONS

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POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Company is committed in practicing the maximum transparency in the conduct of Related Party Transactions in sync with its corporate governance philosophy based on the objective of continuing ethical conduct in fulfilling its responsibilities and recognizes that Related Party Transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management etc. with the interest of the Company.

The Board of Directors (the "Board") of M/s. Oswal Minerals Limited (OML or Company) has adopted the following policy on Related Party Transactions 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 requirement of Regulation 23, and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with the Stock Exchanges and in accordance with the provisions of Section 188 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014, as amended or re-promulgated and in force from time to time. Related Party Transaction (RPT) transactions are appropriate only if they are in the best interest of the Company and its stakeholders in addition to being in conformity with the applicable laws. The Company is required to disclose each year in the Financial Statements RPT as well as the policy concerning RPT.

The Policy is intended to ensure the proper approval and reporting of all Related Party Transactions as required by the Applicable Regulatory Provisions.

All Related Party Transaction shall be entered into by the Company in accordance with this Policy or in accordance with the Applicable Regulatory Provisions.

The Audit Committee of Directors ('Audit Committee'), shall review, approve and where permitted ratify Related Party Transactions based on this Policy in terms of the requirements under the above regulatory provisions as applicable.

3. APPLICABILITY

This Policy shall come into force with effect from 1st April, 2014 and shall be applicable to transactions made with:-

- (a) Board of Directors & their Relatives
- (b) Key Managerial Personnel (KMP) of the Company and their Relatives, and
- (c) Other Related Parties, as defined hereinafter.

4. DEFINITIONS

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and Listing Regulations.

"Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. (Section 188 of the Companies Act, 2013)

"Board of Directors" or "Board" in relation to a Company, means the collective body of Directors of the Company. (Section 2(10) of the Companies Act, 2013)

"Control" includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a Director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position; [As per SEBI (SAST) Regulation]

"Key Managerial Personnel" means, [Section 2(51) of the Companies Act, 2013]

- (i) Managing Director;
- (ii) Chief Executive Officer or manager;
- (iii) Whole- time director;
- (iv) Chief Financial Officer; and
- (v) Company Secretary

"Policy" means Related Party Transaction Policy.

"Related Party" means related party as defined in Regulation 2(zb) of the Listing Regulation and Section 2(76) of the Act.

A. Section 2(76) of the Act read with The Companies (Meetings of Board and its Powers) Rules, 2014 which is as follows:

- i. a Director or his relative;
- ii. a Key Managerial Personnel or his relative;
- iii. a firm, in which a Director, manager or his relative is a partner;
- iv. a private company in which a director or manager is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;

vi. any body-corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

vii. any person under whose advice, directions or instructions a director or manager is accustomed to act

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

viii. any company which is –

- (A) a holding, subsidiary or an associate company of such company; or
- (B) a subsidiary of a holding company to which it is also a subsidiary;

ix. Director or key managerial personnel of the holding company or his relative with reference to a company; or

B. Regulation 2(zb) of the Regulations defines the term Related Party as follows:

- (i) An entity which is a related party under section 2(76) of the Act;
- (ii) An entity which is a related party under the applicable Accounting Standards;

C. For the purpose of Regulation 2(zb) of the Regulations, Accounting Standard 18 defines the term Related Party as follows:

- (i) Enterprises that directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise;
- (ii) Associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
- (iii) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (iv) Key Management Personnel (KMPs) and their relatives;
- (v) Enterprises over which any person at (iii) or (iv) above is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

The term Related Party for the purpose of this Policy shall be interpreted accordingly.

“Related Party Transaction” refers to those transactions that are covered under the scope of section 188 of the Act and Regulation 2(zc) of the Regulations.

Pursuant to Section 188 of the Companies Act, 2013, Related Party Transactions mean, any contract or arrangement with a related party, with respect to—

- (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.

"Relative" means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if -

- They are members of a Hindu undivided family;
- They are husband and wife;
- Father (including step-father) Mother (including step-mother)
- Son (including step-son)
- Son's wife
- Daughter
- Daughter's husband
- Brother (including step-brother) Sister (including step-sister)

"Related Party Transactions Exempt under the Act" means those Related Party Transactions which fulfil the following two criteria and which are exempt from the requirements of Board and Shareholder approvals:

- a) Such transaction is undertaken in the ordinary course of business; and
- b) Such transaction is undertaken on an arm's length basis (i.e. the transaction is conducted between the related parties as if they were unrelated, so that there is no conflict of interest);

"Related Party Transactions Exempt under the Regulations" means those Related Party Transactions which are exempt from the requirements of Audit Committee and Shareholder approvals, viz:

- a) Transactions between the Company and its wholly-owned subsidiary, whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval. Since the company currently does not have a subsidiary this clause is currently not applicable to the Company;
- b) Transactions between two Government Companies (not applicable to the Company);

Words in this Policy which are not included in the Definition Clause shall have the same meaning as defined in the Act or in the Applicable Regulatory Provisions. Also, where the terms defined hereinabove are also defined in the Applicable Regulatory Provisions, the definitions in the Applicable Regulatory Provisions shall prevail.

5. POLICY

Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably require. Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with the Policy.

The Company strongly advocates receipt of such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of Audit Committee.

As per Section 188 of the Companies Act, 2013 except with the prior approval by Ordinary Resolution at a general meeting a Company shall not enter into a transaction or transactions, where the transaction or transactions to be enter into-

- a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188 with criteria, as mentioned below:
 - i) Sale/Purchase or supply of any goods or materials amounting to 10% or more of the turnover OR Rs 100 Crores, whichever is lower.
 - ii) Selling/otherwise disposing/buying property of any kind amounting to 10% or more of the net worth OR Rs 100 Crores, whichever is lower
 - iii) Leasing of property of any kind amounting to 10% or more of the net worth OR Rs 100 Crores, whichever is lower.
 - iv) Availing or rendering any services amounting to 10% or more of the turnover OR Rs 50 Crores, whichever is lower.
- b) Appointment to any office or place of profit in the company/subsidiary/associate at a monthly remuneration exceeding Rs. 2.50 lakhs.
- c) Remuneration for underwriting the subscription of any securities or derivatives > 1% of the net worth of the Company.

Review and Approval of Related Party Transactions

All Related Party Transactions shall require omnibus approval on annual basis and will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant and complete material information of the Related Party Transaction, including the nature, terms and duration of the transaction, the business purpose, justification of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- _ Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- _ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- _ Whether the Related Party Transaction would affect the independence of an independent director;
- _ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- _ Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- _ Whether the Related Party Transaction would present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

Approval of the Board

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any Law for the Board to approve the Related Party Transaction, then the considerations set out above shall apply to the Board's review and approval of the matter, with such modification(s) as may be necessary or appropriate under the circumstances.

Approval of Shareholders

All "material" transactions, have to be approved by the "disinterested" shareholders by way of Ordinary Resolution within three months from the date of entering into such contracts.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro-rata as the Related Party.

Reporting Requirements

The Company shall report in the Annual Report, the transactions that require the approval of the Board and shareholders with justification for entering into such contract or arrangement.

Penalties

Notwithstanding the quantum of penalties having been raised in the Companies Act, 2013, violation of the provisions governing RPT also stipulate imprisonment upto one year.

Section 188:

(3) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

(4) Without prejudice to anything contained in sub-section (3), it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

(5) Any director or any other employee of a company, who had entered into or authorized the contract or arrangement in violation of the provisions of this section shall—

(i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and

(ii) in case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.

Disclosure

This Policy shall be uploaded on the website of the Company at <http://oswalminerals.com> and a web link thereto shall be provided in the section on Corporate Governance in the Annual Report.