



Policy on Related Party Transactions
of
Oriental Rail Infrastructure Limited
(Formerly Oriental Veneer Products Limited)

[Original Effective Date: November 30, 2015]

[Last Updated: March 31, 2022]

[Effective Date: April 01, 2022]



POLICY ON RELATED PARTY TRANSACTIONS OF ORIENTAL RAIL INFRASTRUCTURE LIMITED (FORMERLY ORIENTAL VENEER PRODUCTS LIMITED)

1. Introduction

The Board of Directors (the “Board”) of Oriental Rail Infrastructure Limited (formerly Oriental Veneer Products Limited) (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee may review and amend this policy from time to time.

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

2. Purpose

This policy is framed in compliance with the provisions of Regulation 23 and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘the Regulations’) and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014, as amended or re-promulgated and in force from time to time (collectively referred to as ‘**Applicable Regulatory Provisions**’).

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.

3. Definitions

“Act” means the Companies Act, 2013.



“Audit Committee” means the Audit Committee of the Company constituted under provisions of the Regulations and Companies Act, 2013.

“Board” means Board of Directors of the Company.

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act.

“Material Related Party Transaction” in terms of SEBI LODR means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

- (i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- (ii) In case of any other transaction(s), if the amount [exceeds Rs 1,000 crores or] 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, [whichever is lower].

“Material Modification” means modification to a Related Party Transaction which would change the nature of the transaction and in case monetary thresholds are applicable, which has the effect of change in the value involved, by 25% of the originally approved Related Party Transaction.

“Policy” means this Policy on Related Party Transactions.

“Relative” means relative as defined under Section 2(77) the Companies Act, 2013 and Companies (Specification of definitions details) Rules, 2014 and includes anyone who is related to another, if –

They are members of a Hindu undivided family;

1. They are members of a Hindu undivided family;
2. They are husband and wife; or;
3. Father (including step-father);
4. Mother (including step-mother);



5. Son (including step-son);
6. Son's wife;
7. Daughter;
8. Daughter's husband;
9. Brother (including step-brother);
10. Sister (including step-sister);

“Related Party” means a related party as defined in section 2(76) of the Act and Regulation 2(1)(zb) of the Regulations. Without prejudice to the foregoing, at present, as per the Act and the Regulations, ‘related party’ has the following meaning:

A. Section 2(76) of the Act read with Rule 3 of the Companies (Specification of Definition Details) Rules, 2014, defines the term Related Party 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 or his relative 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. anybody 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 on 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. anybody corporate which is –
 - A. a holding, subsidiary or an associate company of the Company; or
 - B. a subsidiary of a holding company, to which it is also a subsidiary; or
 - C. an investing company or the venturer of the Company

Explanation – For the purpose of this clause “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.



- ix. Director (other than an Independent Director) or key managerial personnel of the Company's holding company (if any) or his relative;

B. Regulation 2(1)(zb) of the Regulations defines the term Related Party as follows:

"Related Party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 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 twenty per cent or more; or
- ii. of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year;

shall be deemed to be a related party;

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).

C. For the purpose of Regulation 2(1)(zb) of the Regulations, Indian Accounting Standard 24 defines the term Related Party as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements [in this Standard referred to as the 'reporting entity'] as follows:

- a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- b) An entity is related to a reporting entity if any of the following conditions applies:



- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

For the purpose of this Policy, the term ‘reporting entity’ shall cover the Company and its subsidiaries which prepares its financial statements as per the Indian Accounting Standards.

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(1)(zc) of the Regulations, except those Related Party Transactions (described below) which are:

- Excluded under the Regulations
- Exempt under the Act
- Exempt under the Regulations
- Other Exclusions under the Policy

A. Related Party Transactions that are covered under section 188 of the Act are as follows:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing off or buying property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;



- v. appointment of any agent for purchase or sale of goods, materials, services or property;
 - vi. related party's appointment to any office or place of profit in the company, its subsidiary or associate company;
 - vii. underwriting the subscription of any securities or derivatives thereof of the Company.
- B. In terms of Regulation 2(1)(zc) of the Regulations, a Related Party Transaction means a transaction involving a transfer of resources, services or obligations between:
- i. A listed entity (i.e. the Company) or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
 - ii. The Company 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 Company or any of its subsidiaries, with effect from April 1, 2023;
- regardless of whether a price is charged.

The term 'transaction' with a related party includes a single transaction or a group of transactions in a contract.

“Related Party Transactions which are Excluded / Exempt”

- A. Exclusions under the Regulations** (i.e. transactions that shall not be treated as Related Party Transactions):
- a) the issue of specified securities on a preferential basis under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - b) Following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - 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 as per the Regulations.



- B. Exempt under the Act** (i.e. 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);
- C. Exempt under the Regulations** (i.e. those Related Party Transactions which are exempt from the requirements of prior 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;
 - b. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
 - c. Transactions between two Government Companies (*not applicable to the Company*);

“**Ordinary course of business**” includes those activities carried out in the normal course of business practice, or which have been undertaken historically or frequently as commercial practice or activities related to the business or come within the ambit of business as envisaged in the Memorandum of Association, as amended from time to time, of the Company and its subsidiaries.

Words in this Policy which are not included in the Definition Clause shall have the same meaning as defined in the **Applicable Regulatory Provisions**. Also, in case of a conflict between the terms defined hereinabove and the definition thereof in the Applicable Regulatory Provisions, the definitions in the Applicable Regulatory Provisions shall prevail.

4.1 Disclosure by Directors and Key Managerial Personnel of interests or potential interests in any Related Party Transaction



Each Director and Key Managerial Personnel shall disclose to the Board, any interest that he or his Relative or any entity in which he may be concerned or interested, may have in a transaction or proposed transaction by the Company, that is or is likely to be a Related Party Transaction.

Such notice shall be provided well in advance so that the Board has adequate time to obtain and review information about the proposed transaction.

4.2 Review and Approval of Related Party Transactions

Annexure A provides the approval matrix that will be followed by the Company for all Related Party Transactions.

4.3 Criteria for approving Related Party Transactions

The Audit Committee (and where applicable, the Board) shall consider, inter alia, the following criteria, while approving Related Party Transactions

- a. Whether the Transaction covered by the Related Party Transaction is in the ordinary course of business of the Company and/or is required for the business of the Company or is otherwise beneficial to the Company;
- b. Whether the Related Party Transaction is on an arm's length basis. For determining arm's length basis, the following criteria shall be considered in addition to any other criteria that the Audit Committee / Board may deem fit:

Categories of Related Party Transaction	Arms-Length Criteria
Sale of Goods	Adequate Profit Margins on Sales earned under transfer pricing rules / Uncontrolled comparable prices



Purchase of Goods	Adequate Profit Margins on Resale / Sales earned under transfer pricing rules / Uncontrolled comparable prices
Services rendered	Adequate Profit Earned under transfer pricing rules /Uncontrolled comparable prices
Services availed	At Uncontrolled Market (Comparable) Rates / as per transfer pricing rules
Remuneration to KMP, their relatives	At Uncontrolled Market (Comparable) Rates, within the limits approved by the Shareholders and in compliance with Applicable Regulatory Provisions.
Loans / Financial Assistance and interest thereon	Loans / financial assistance is governed under other relevant sections of the Act. As regards the Applicable Regulatory Provisions, loans / financial assistance to wholly owned subsidiary companies are exempt thereunder. For loans / financial assistance to other Related Parties, the same shall be extended on rates which shall be at arm's length.
Rent	At Uncontrolled Comparable Market Rates
Royalty	At Uncontrolled Market (Comparable) Rates / As per Industry practices
Others	At Uncontrolled Market (Comparable) Rates / As per Industry practices / As per transfer pricing rules

c. Whether the Related Party Transaction is reasonable and in the interest of the Company/ subsidiary.

Only those members of the Audit Committee who are independent directors shall approve all Related Party Transactions.



4.4 Omnibus Approval of Related Party Transactions by Audit Committee

In accordance with the enabling provisions of Regulation 23(3) of the Regulations read with proviso to Section 177(4) of the Act and Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee may grant omnibus approval to Related Party Transactions, which are proposed to be entered into by the Company, subject to compliance with the conditions specified therein, which are as follows:

- a) The Audit Committee shall be duly empowered by the Board for granting Omnibus Approval;
- b) The Audit Committee shall lay down the criteria for granting such omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- c) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- d) Such omnibus approval shall specify the following:
 - (i) the names of the Related Party,
 - (ii) the nature of the transaction, period of transaction and the maximum amount for which the transaction can be entered into;
 - (iii) the indicative base price / current contracted price and the formula for variation in the price if any;
and
 - (iv) such other conditions as the Audit Committee may deem fit;

Provided however that where the need for the Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction and subject to such overall limit as may be approved by the Audit Committee from time to time;

- e) The Audit Committee shall review, atleast on a quarterly basis, the details of the Related Party Transaction entered into by the Company pursuant to each of the omnibus approval so given;



- f) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

Proviso to Section 177(4) of the Companies Act, 2013 also provides for omnibus approval for proposed related party transactions.

5 Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, then such Related Party Transactions shall be recommended by the Audit Committee for ratification to the Board / Shareholders, if required, within 3 months of entering into the Related Party Transaction.

In any case where either the Audit Committee/ Board / Shareholders determines not to ratify a Related Party Transaction that has been commenced without prior approval, the Committee or Board or shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. 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.

6 Disclosures

The Company shall comply with such disclosure requirements relating to this Policy as may be stipulated under Applicable Regulatory Provisions.

As required under:

1. Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
2. Material RPTs shall be provided in the notice to shareholders].



3. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
4. The Company shall submit [enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:
 - (i) within 15 days from the date of publication of financials;
 - (ii) simultaneously with the financials w.e.f. April 1, 2023].and also publish the same on its website.
5. The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.



Annexure – A

Approval Matrix for all Related Party Transactions

In line with Applicable Regulatory Provisions, the approvals from the below governing bodies are required prior to undertaking the RPT:

Audit Committee	Board	Shareholders
<ul style="list-style-type: none"> - All RPT undertaken by the Company; - RPT undertaken by a subsidiary, where the Company is not a party if the value of RPT is: <ul style="list-style-type: none"> > 10% of consolidated T/O as per last audited F/S of the Company; > 10% of standalone T/O as per last audited F/S of the subsidiary [w.e.f. April 1, 2023] - Subsequent Material Modifications to the above RPT; 	<ul style="list-style-type: none"> - Specified RPT u/s 188 of the Act which are not in ordinary course of business or not at arm's length; - RPT requiring Shareholders' approval; 	<ul style="list-style-type: none"> - All material RPT; - RPT not in ordinary course of business or not at arm's length basis and crossing threshold limits as prescribed u/s 188 of the Act and the Rules thereunder; - RPT for brand usage or royalty if value exceeds 5% of annual consolidated T/O as per last audited F/S of the Company; - Subsequent Material Modifications to Material RPT;

Notes:

1. Only members of the Audit Committee who are Independent Directors shall approve RPT.
2. No related party shall vote to approve relevant shareholders' resolutions irrespective of whether the entity is a related party to the particular transaction or not.
3. Audit Committee shall annually review / approve all the RPTs including Related Party Transactions exempt under the Act and Related Party Transactions exempt under the Regulations.



Legends:

RPT – Related Party Transactions

T/O – Turnover

F/S – Financial Statements