

Orient Cement Limited

Related Party Transaction Policy & Procedure

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 Listing Agreement executed with the Stock Exchanges ("**Listing Agreement**") as may be amended from time to time.

This Policy is adopted by Board of Directors in their meeting held on November 5, 2014 and shall be effective from the date of its adoption by the Board.

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.

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

"Key Managerial Personnel" 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; and (iii) the Company Secretary

"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 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company

"Officer(s)" shall mean the Chief Financial Officer or Company Secretary of the Company;

"Pre-Approved Transactions" shall have the same meaning ascribed to such term in Para II(d) of this Policy

"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 and Clause 49 of the Listing Agreement, as may be amended from time to time.

"Related Party Transaction" shall have the same meaning as ascribed to such term under the Listing Agreement, including such transactions listed in Section 188(1)(a)-(g) of the Companies Act and any subsequent modifications made thereto.

II. PROCEDURES

- (a) The Officer shall obtain from each of the Directors and Key Managerial Personnel the Related Party list on an annual basis
- (b) 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, requiring compliance with this Policy.

- (c) Once identified as a Related Party Transaction by the Officer, such Related Party Transaction shall be reported promptly 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.
- (d) The Audit Committee shall be provided with all material facts of all new, existing or proposed Related Party Transactions, including modifications proposed to existing Related Party Transactions. 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 Agreement, or (iii) whether such transaction shall be deemed pre-approved by the Audit Committee and Board as described below in Para III of this Policy ("**Pre-Approved Transactions**"); or (iv) to disapprove the Related Party Transaction.
- (e) Upon such determination as described in sub-clause (d) 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) If the Audit Committee determines the Related Party Transaction to be a Pre-Approved Transaction, it shall provide the Board with a written report containing reasons why the Related Party Transaction is a Pre-Approved Transaction and therefore, does not require the specific approval of the Board.
 - (iii) If the Audit Committee disapproves a Related Party Transaction, it shall record the reasons for disapproving such Related Party Transaction.
- (f) In assessing a Related Party Transaction, the Audit Committee / Board shall consider such factors as it deems appropriate, including without limitation:
 - (i) Whether the terms and conditions of the Related Party Transactions are on an Arms-length basis.
 - (ii) Related Party Transaction to the Company in particular whether it amounts to a Material Related Party Transaction;
 - (iii) Whether such transaction is factually in the ordinary course of business.
 - (iv) The business reasons for the Company to enter into the Related Party Transaction;
 - (v) The approximate value of the transaction;
 - (vi) The general description of the transaction, including the material terms and commercial reasonableness of the terms of the Related Party Transaction;
 - (vii) 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;
 - (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; and
- (g) Shareholder's approval for Related Party Transactions
 - (i) All Material Related Party Transactions can be entered into only after obtaining the prior approval of the Company's shareholders by way of a special resolution, 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 on such resolution.
 - (ii) All contracts or arrangements with Related Parties (as defined in the Companies Act), other than those entered into on an Arm's Length Basis or in the ordinary course of business shall require the approval of the shareholders of the Company by way of a special resolution if the conditions and thresholds prescribed in the Companies Act or the Companies (Meetings of Board and its Powers) Rules, 2014 are satisfied.
- (h) In the event that the Officer becomes aware of a Related Party Transaction that was not previously approved or ratified under this Policy, the Officer shall promptly 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..

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 deems appropriate under the circumstances.

A 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.

- (i) Subject to the provisions of the Companies Act, a Related Party Transaction may be approved by the vote of a majority of the directors at a meeting of the Audit Committee / Board.
- (j) 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.
- (k) If a Related Party Transaction will be ongoing, the Audit Committee may, in its discretion, authorise the Company's Managing Director to follow in its ongoing dealings with the Related Party. Thereafter, the Board shall periodically review and assess ongoing relationships with the Related Party to see that they are in compliance with this Policy.

III. PRE-APPROVED TRANSACTIONS

- (a) In case of frequent / regular / repetitive Related Party Transactions which are in the ordinary course of business of the Committee, the Audit Committee may establish guidelines for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.
- (b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

- (c) The omnibus approval shall specify: (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval for such Transaction(s) subject to their value not exceeding INR 10,000,000 (Rupees One Crore),.

(Transaction(s) for the purpose of this clause (c) shall be construed to include single transaction or a group of transactions in a contract).

- (d) 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.
- (e) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- (f) In addition, the Audit Committee/ the Board may review any Related Party Transaction involving independent directors as part of the annual determination of their independence.
- (g) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

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 Agreement with the Stock Exchanges. Provided, further, the Company is also required to disclose this Policy on its website and also in the annual report of the Company.

V. REVIEW OF THE POLICY

The Audit Committee and the Board shall review the Related Party Transaction Policy & Procedure from time to time 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: 5.11.2014

Place: New Delhi