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***Policy on Materiality of
Related Party Transactions
and dealing with Related
Party Transactions***



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1. Introduction:

The Board of Directors of Orbit Exports Limited (“the Board”) has adopted following Policy and procedures with regard to Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company.

2. Purpose:

The Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended (“Listing Regulations”) requires all listed companies to formulate a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the Board of Directors. The regulation further requires that the Audit Committee of Company shall define “material modifications” and disclose it as part of the policy on materiality of Related Party transactions and on dealing with Related Party transactions. This Policy has been framed for complying with above requirement.

3. Definitions:

- i. **“Act”** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re- enactment thereof.
- ii. **“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.
- iii. **“Associate Company”** shall mean “Associate Company” as defined in Section 2 (6) of the Companies Act, 2013.
- iv. **“Audit Committee”** shall mean the audit committee constituted by the Board of Directors of the Company from time to time, in accordance with the provisions of the Companies Act and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- v. **“Board of Directors” or “Board”** means the Board of Directors of the Company, as constituted from time to time.
- vi. **“Company”** means Orbit Exports Limited.



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- vii. **“Director”** means a person as defined in Section 2 (34) of the Companies Act, 2013.
- viii. **“Employees”** shall mean the employees and office-bearers of the Company, including but not limited to Directors
- ix. **“Government Company”** shall mean “Government Company” as defined in Section 2 (45) of the Companies Act, 2013 read with related rules issued thereon.
- x. **“Key Managerial Personnel”** shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Companies Act, 2013 read with related Rules issued thereon and the Indian Accounting Standards (**Ind AS**) as the case be.
- xi. **“Material Related Party Transaction”** In accordance with Regulation 23 of the Listing Regulations, w.e.f. 01/04/2022 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 Rupees One Thousand Crore or Ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower or such other limit as may be specified in the applicable Regulation as amended from time to time.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be consider material if the transaction(s) to be entered into individually or take together with previous transactions during a financial year, exceed Five percent (or such other limit as may be specified in the applicable Regulation as amended from time to time) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Further, related party transactions covered under Rule 15(3) of The Companies (Meeting of Board and its Powers) Rules, 2014 shall also be material related party transactions.

Transactions covered under said Rule 15(3) is reproduced here for ready reference:

(i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten per cent. or more of the turnover of the company.

(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent amounting to ten per cent. or more of net worth of the company.

(iii) leasing of property of any kind amounting to ten per cent or more of the turnover of the company.

(iv) availing or rendering of any services, directly or through appointment of agent amounting to ten per cent. or more of the turnover of the company.

Explanation.—It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees.

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent. of the net worth.

Explanation.- (1) The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the preceding Financial year.

- xii. **“Material Modification(s)”** means increase in value of transactions approved by Audit Committee by 20 %.
- xiii. **“Office or Place of Profit”** means any office or place:
- (i) Where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.
 - (ii) Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.”
- xiv. **“Ordinary Course of Business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association. The Audit Committee may lay down principles from time to time for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.
- xv. **“Policy”** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions
- xvi. **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder;



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- xvii. **“Related Party”** with reference to the Company means:
- a. a related party as defined under Section 2(76) of the Companies Act, 2013; or
 - b. a related party as defined under the applicable Indian Accounting Standards; or
 - c. a related party as defined under Regulation 2(1)(zb) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- xviii. **“Related Party Transaction or transactions”** means transaction as defined under Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended, shall mean transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party.

Explanation – A “transaction” with a Related Party shall be construed to include single or a group of transactions in a contract.

The RPT shall include transactions between –

- i. 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 and a “transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract including but not limited to the following –

- 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. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof, of the Company.



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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 company 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.

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) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.*

**Exemption mentioned in point (c) above is given under SEBI (LODR) and not under the Companies Act, hence, necessary approvals from Audit Committee, Board / Shareholders still needs to be taken.*

4. Policy:

- Procedure

A. Identification of Potential Related Party Transactions:

For the purpose of identification of Potential Related Party Transactions, each Director and Key Managerial Personnel shall give notice of disclosure of interest on an annual basis and upon any subsequent modifications in the last disclosure provided. The Company shall ensure that no transaction is entered into with any Related Party without requisite approvals.

B. Review and approval of Related Party Transactions:

➤ Audit Committee approval:

1. The RPT would be approved by only the Independent Directors who are members of Audit Committee as per Regulation 23(2) of SEBI (LODR) Regulation, 2013.



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2. All the Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Act or Rules made thereunder or Listing Regulations from time to time, subject to the following:

a) ***Omnibus Audit Committee approval:***

i. The Audit Committee may grant omnibus approval for Related Party Transactions provided it is satisfied that there is a need to grant such approval and the same is in the interest of the Company. Such approval may be granted by Audit Committee for the proposed transactions subject to the following:

- i. Transactions are repetitive/frequent in nature;
- ii. Transactions are conducted at Arm's Length basis;
- iii. Transactions are in the ordinary course of business;

ii. Such omnibus approval to the Company or its subsidiaries (if any) shall specify the following

- Name/s of the Related Party and its relationship with the Company or its subsidiary
- Nature of transaction
- Period of transaction
- Maximum amount of transaction that can be entered into
- The indicative base price/current contracted price and the formula for variation in the price if any and
- Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied/amended. Any proposed variations/amendments to these factors shall require a prior approval of the Audit Committee.

iii. Provided that where the need for Related Party transaction cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions, subject to their value not exceeding Rs. 1 Crore per transaction.

iv. The Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. Further, such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of the same.

- v. A related party transaction to which the subsidiary of the Company is a part but the Company is not a party, shall require prior approval of the Audit Committee if value of such transaction whether entered into individually or taken together with previous transactions during the financial year. Exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary

In accordance with Section 188 of the Companies Act, 2013 and Listing Regulations, the Board of Directors and Shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

1. **Board of Directors and Shareholders' approval in terms of Companies Act, 2013:**

All Related Party Transactions which are either not on arm's length basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors.

Provided the transactions as prescribed below shall be further recommend by the Board of Directors for the approval of the Shareholders of the Company by way of Ordinary Resolution, as provided under Section 188 of the Companies Act, 2013 read with related rules issued thereunder:

Transaction covered	Transaction value
Sale, Purchase or supply of any goods or materials directly or through appointment of agents*	Amounting to 10 % or more of Turnover
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents*	Amounting to 10 % or more of Net Worth
Leasing of property of any kind*	Amounting to 10 % or more of Turnover
Availing or rendering of any services directly or through appointment of agents*	Amounting to 10 % or more of Turnover
Such Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	monthly remuneration >Rs. 2.5 lakhs
Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	>1% of Net Worth



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**The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.*

The concerned Related Party (ies) which are related to that transaction shall not vote to approve such relevant resolution.

2. Board of Directors and Shareholders' approval in terms of Listing Regulations:

The Listing Regulations require a Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution. The Company has fixed its materiality threshold at the level prescribed under Explanation to Regulation 23(1) the Listing Regulations (w.e.f. 01/04/2022 Provided that 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 **rupees one thousand crore or ten per cent of the annual consolidated turnover** of the Company as per the last audited financial statements of the Company, whichever is lower or such other limit as may be specified in the applicable Regulation as amended from time to time.). Accordingly, in terms of Regulation 23 of the Listing Regulations, all Material Related Party Transaction and subsequent material modifications as defined by the audit committee shall be recommended by the Board of Directors to the Shareholders for their approval by way of Ordinary Resolution.

5. Exemption from obtaining approval in terms of the Listing Regulations:

In terms of Regulation 23 of the Listing regulations, following transactions are exempted from the requirement of obtaining the Audit Committee/Board of Directors/ Shareholders approval:

1. Transactions entered into by Orbit Exports Limited with its wholly owned subsidiary whose accounts are consolidated with Orbit Exports Limited and placed with before the shareholder of Orbit Exports Limited at the general meeting for approval.
2. Transactions entered into between two wholly-owned subsidiaries of the Orbit Exports Limited whose accounts are consolidated with Orbit Exports Limited and placed with before the shareholder of Orbit Exports Limited at the general meeting for approval.



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3. Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of audit committee provided the same is not material.**

***Exemption mentioned in point (c) above is given under SEBI (LODR) and not under the Companies Act, hence, necessary approvals from Audit Committee, Board / Shareholders still needs to be taken.*

However, an approval of Audit Committee and Board of Directors/ Shareholders (to the extent applicable), as the case may be will be required for above listed transaction as per Section 177 and Section 188 of the Companies Act, 2013 read with the Rules made thereunder.

The Company shall avail exemptions granted under section 188, 177 of Companies Act, 2013 and/or the applicable provisions of The SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended from time to time and after fulfilling conditions and requirements specified therein.

6. Related Party Transactions not approved under this Policy:

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee within three (3) months from the date of transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) The value of ratified transaction(s) with related party, whether entered individually or taken together, during a financial year, should not exceed rupees One crore.
- (ii) Said transaction(s) are not material in nature.
- (iii) Any other condition specified by the Audit Committee.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transactions, and shall evaluate all options available to the Company, including ratification by it or recommending the Board for their ratification or seeking approval of Shareholders, revision or termination of the Related Party Transactions. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the

shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. Disclosures

- ▶ Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- ▶ Material RPTs shall be provided in the notice to shareholders.
- ▶ Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ▶ The Company shall submit [enhanced disclosure of information related to Related Party Transactions to be provided to the stock exchanges every six months in the format specified by the SEBI on the date of publications of its financial results. and also publish the same on its website.
- ▶ The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.
This Policy will be communicated to all operational employees and other concerned persons of the Company.

8. Ind AS 24 - Related Party Disclosures

Ind AS requires the disclosure of the Related Party relationship and the transactions with Related Parties in the Annual Report.

Following are some examples of the Related Party Transactions under Ind AS 24:-

- ▶ Purchase or sale of goods (finished or unfinished)
- ▶ Purchase or sale of fixed assets
- ▶ Rendering or receiving of services
- ▶ Agency arrangements
- ▶ Leasing or hire purchase arrangements
- ▶ Transfer of research and development
- ▶ Licence agreements
- ▶ Finance (including loans and equity contributions in cash or in kind)
- ▶ Guarantees and collaterals
- ▶ Management contracts including deputation of employees



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9. Interpretation

- a. Any words used in this Policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder Accounting Standards or any other relevant legislation / law applicable to the Company.
- b. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee for them to read and understand the relevant provisions of the Companies Act, SEBI (LODR) and Indian Accounting Standards, thereafter, the stricter provision shall be applicable to the case at hand. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

10. Policy Review

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or any other regulations ("the Regulations") which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed and recommended by the Audit Committee at least once in every three years or as and when any changes are to be incorporate in the Policy due to change in the Regulations or as may be felt appropriate by the Audit Committee, whichever is earlier for approval of the Board of Directors. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.

11. Amendment in law

Any amendment, modification, or re-enactment of the Listing Regulations (including Regulation 23) or any related law, rule, regulation, circular, clarification, or interpretation ("Applicable Law") that comes into effect during the term of this Policy shall be deemed to be automatically incorporated herein. The Company and its Audit Committee shall be obligated to comply with and implement such changes from the effective date specified by the relevant authority, without requiring further amendment to this Policy.