



POLICY ON RELATED PARTY TRANSACTIONS (Amended till July 2024)

OSWAL AGRO MILLS LIMITED

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OSWAL AGRO MILLS LIMITED
POLICY ON RELATED PARTY
TRANSACTIONS

Preamble

The Board of Directors (the “Board”) of OSWAL AGRO MILLS LIMITED (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 with the Stock Exchanges in India. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

Objective

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

Definitions

“Audit Committee or Committee” means the Committee of the Board constituted from time to time under the provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.

“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a. Members of a Hindu undivided family;
- b. Husband or wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife;

- g. Daughter;
- h. Daughter's husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

"Related Party" have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended.

"Related Party Transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity 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.

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 listed entity 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.

(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 along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

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).

"Material Related Party Transaction" means 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 Rs. 1,000 crores or 10% (ten percent) of the annual consolidated

turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

In case of 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 five percent of the annual consolidated turnover of the company as per the last audited financial statements.

“**Transaction**” with a related party shall be construed to include a single transaction or a group of transactions. The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

Material Modifications

A modification made in amount of RPT after its initial approval will be considered material if there is variation in the amount **exceeding 10 percent** of the total amount approved by the Audit Committee/ Board of Directors/ Members of the company.

Policy

The Audit Committee shall review and approve all Related Party Transactions based on this Policy.

Provided further that:

(a) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

(b) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

All Material RPTs and subsequent material modifications shall require prior approval of the shareholders through a resolution and the Related Parties shall abstain from voting on such resolutions in accordance with the provisions of Companies Act 2013 and Listing Agreement as amended from time to time.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Review and Approval of Related Party Transaction

All Related Party Transactions shall be subject to the prior approval of the Audit Committee at a meeting.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

RPTs shall be referred to the next regularly scheduled meeting(s) of Audit Committee for its review and approval; and

The Audit Committee, in order to review a RPT, shall be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Consideration by the Committee for approving proposed transactions

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

Information to be provided to shareholders for consideration of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details as specified;
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis; f. Any other information that may be relevant.

The listed entity shall make RPT disclosures every six months in the prescribed format

Omnibus approval by the Committee

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. 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 Committee.

Approval of Material Related Party Transactions

All Material Related Party Transactions shall require approval of the shareholders through Ordinary resolution and the Related Parties shall abstain from voting on such resolution.

Transactions not in Ordinary Course of business or not at Arm's Length

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the **shareholders** through Ordinary resolution and the Related Parties shall abstain from voting on such resolution.

Related Party Transactions not previously approved

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders 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.

Recording of Related Party Transactions

The Company Secretary shall make **necessary entries** in the Register of Contracts required to be maintained under the Companies Act, 2013.

Scope Limitation

In the event of any conflict between the provisions of this Policy and of the SEBI (LODR) Regulation, 2015 / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

Dissemination of Policy

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the **website** of the Company.

This policy may be reviewed, amended and approved from time to time by the Board of Directors of the Company upon the recommendation of the Audit Committee, based on the changes that may be brought about due to any regulatory amendments or otherwise and **atleast once in every three years**.