



OVAL PROJECTS

(A Team of Excellence For Better Future)

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

OVAL PROJECTS ENGINEERING LIMITED

CIN: U74900TR2013PLC008465

Registered Office: House No.451568, Milan Chakra, (Near Prajapita Brahmakumari Centre), Badharghat,P.O. A., D. Nagar, Agartala, Tripura, India, 799003

Telephone No.: 919560599033; **E-mail:** ovalprojects@gmail.com

Website: www.ovalprojects.com

Gantam Subram



Oval Projects Engineering Ltd.

Regd. Office: Milan Chakra, Badharghat,
Near Prajapita Brahmakumari P.O-A.D. Nagar,
Agartala, Tripura(West), Pincode-799003
Tele Fax : +91-3812371011,+91-9560599033
TIN :16052662160, CST: 16052564251

www.ovalprojects.com

CIN – U74900TR2013PLC008465

Old Address:

Office-UGF-A Parsvnath Mall, Site No. 11,
Sector-20A, Faridabad, Haryana, India,
Pincode-121003

1. Objective:

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013

& Rules made thereunder ("the Act"), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), as amended or re-enacted from time to time and which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions, wherever required.

2. Definitions:

2.1. Arms' Length Transactions:

Arms' Length Transaction shall mean:

- (a) a transaction between the Company and the Related Party that is conducted as if they were unrelated, so that there is no conflict of interest; and
- (b) the price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income-tax Act, 1961.

2.2. Related Party Transaction

"Related Party Transaction" means related party transaction as defined under Regulation 2(1)(zc) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

2.3. Related Party Transaction(s) of the Company

Related Party Transaction(s) where the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party.

2.4. Related Party Transaction(s) of the Subsidiary

Related Party Transaction(s) where the Subsidiary of the Company is a party to the

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transaction(s) / contract(s) / arrangement(s) with a related party but the Company is not a party.

2.5. Ordinary Course of Business:

Ordinary Course of Business shall mean 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.

3. Material Related Party Transaction:

Contracts / arrangements with a related party shall be considered as material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year under such contracts / arrangements exceed rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement or such sum or limit as may be prescribed under the Listing Regulations.

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 listed entity as per the last audited financial statements of the listed entity

4. Material Modifications to Related Party Transactions:

Material modifications to Related Party Transactions shall mean modification to the Related Party Transaction which substantially changes the nature / tenure of transaction as considered by the Audit Committee while approving the transaction at the first instance.

5. Identification of Related Parties:

The Company may seek requisite disclosures and information, as may be deemed necessary, to identify a Related Party.

6. Policy

6.1. All Related Party Transaction(s) shall be entered on arms' length basis.

6.2. In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors, as the case may be.

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6.3. In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the Listing Regulations, may deviate from the principle of arm's length, after obtaining approval from its audit committee and / or board of directors, as the case may be and approval of Audit Committee and Shareholders of the Company, if applicable.

6.4. All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time.

7. Review and Approval of Related Party Transactions:

7.1. Approval by the Audit Committee:

7.1.1. The Company shall not enter into any Transactions with any Related Party and/or make material modifications to such transactions without prior approval of the Audit Committee of the Company, by way of a meeting / circular resolution. Only those members of the Audit Committee who are independent directors, shall approve Related Party Transactions.

7.1.2. All the relevant information/documents relating to the proposed Related Party Transaction(s) shall be placed before the Audit Committee, which inter-alia shall include:

- (a) The name of the Related Party and nature of relationship;
- (b) The nature, duration and particulars of the contract or arrangement; such as business purpose of the transaction, the benefit of the contract or arrangement to the Company/Related Party etc.
- (c) The material terms and conditions of the contract or arrangement including the value, if any;
- (d) Any advance paid or received for the contract or arrangement, if any;
- (e) The manner of determining the pricing and other commercial terms, both included as part of contract and also not considered as part of the contract;
- (f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

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(g) Any other information relevant or important for the Audit Committee and/or Board of Directors to take a decision on the proposed Related Party Transaction.

7.1.3. The Audit Committee may appoint an expert preferably a Chartered Accountant conversant with and having relevant experience in the area of Transfer Pricing Regulations as a Related Party Transaction Auditor (RPT Auditor) who shall peruse and review all the transactions and provide a report whether the Related Party Transactions are in the ordinary course of business and on an arms' length basis.

7.1.4. Wherever necessary, the Audit Committee may, after examining all the documents and the Report of the RPT Auditor, if any, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company, subject to the following conditions:

- i. The following criteria for granting omnibus approvals are fulfilled:
 - The transactions qualify to be in the "Ordinary Course of business" as defined above and satisfy "Arm's length price" condition.
 - The transactions are repetitive in nature
- ii. The Audit Committee has satisfied itself the need for such omnibus approval and that such approval is in the interest of the Company.
- iii. Such omnibus approval shall specify the name(s) of the Related Party, 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.
- iv. Where the need for Related Party Transaction cannot be foreseen and required details are not available, the Audit Committee may grant omnibus approval for such transactions, subject to their value not exceeding Rs. 1.00 crore per transaction.
- v. Audit Committee shall review on a quarterly basis, the details of Related Party Transactions, entered into by the Company pursuant to any omnibus approval granted.
- vi. The omnibus approval granted shall be valid for a period not exceeding one financial year and shall require fresh approval every year.

7.1.5. The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

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7.1.6. The Audit Committee shall consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.

8. Approval of the Board:

8.1.1. The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:

- a. Transactions not at arm's length.
- b. Transactions not in ordinary course of business.
- c. Material Related Party transactions

8.1.2. The Board of Directors shall consider the information/documents pertaining to the Related Party Transactions, as placed before it and either approve or reject the same on merit.

8.1.3. If any director is interested in any Related Party Transaction with the Related Party, he/she shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Related Party Transaction.

9. Approval by the Shareholders:

9.1.1. The following Related Party Transactions, after the approval of Board, shall also be placed before the shareholders for their prior approval:

- a. All Material Related Party transactions as and subsequent material modifications thereto.
- b. All Related Party Transactions which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders.
- c. Clause (a) and (b) shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed

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before the
shareholders at the general meeting for approval.

9.1.2. The Board of Directors shall, decide whether the approval of the Related Party Transactions by the shareholders shall be sought at the General Meeting or through Postal Ballot in accordance with the Act and Rules thereunder.

9.1.3. If the approval of the shareholders is proposed to be sought, the Explanatory Statement to be attached to such Notice shall inter alia include the following particulars name:

- a. Name of the Related Party;
- b. Name of the director or key managerial personnel who is related, if any;
- c. Nature of relationship;
- d. Nature, material terms, monetary value and particulars of the contract or arrangement;
- e. Any other information relevant or important for the shareholders to make an informed decision.

9.1.4. In case of all the material Related Party Transactions requiring approval of the shareholders through resolution, no Related Party shall vote to approve such resolutions whether the entity is a Related party to the particular transaction or not.

10. Amendment

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

11. Review

This Policy will be reviewed as and when required but at least once in three years.

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