

# ORTEL COMMUNICATIONS LIMITED

(CIN: U74899DL1995PLC069353)

---

## **POLICY ON RELATED PARTY TRANSACTIONS:**

### **1. Introduction:**

Requirement of “Policy on Related Party Transaction” (“the Policy”) shall be applicable to Ortel Communications Limited (“Ortel” or “the Company”) after listing of the Company’s shares in stock exchange (es). As New Companies Act, 2013 (“ theAct”) read with the Rules framed thereunder also deals with related party transaction and the Company is proposing Initial Public Offer (IPO), the Company has formulated a policy on materiality of related party transactions and dealing with related party transactions to be applicable after listing of the shares in Stock Exchanges.

### **2. DEFINITIONS:**

The definitions of some of the key terms used in this Policy are given below.

- 2.1. **“Arm’s length transaction (‘ALP’)”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- 2.2. **Audit Committee:** “Audit Committee” means the Committee of the Board constituted under the Companies Act and the Listing Agreement.
- 2.3. **“Related Party”** for the purpose of related party transaction, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement read with applicable accounting standards.
- 2.4. **“Related Party Transaction”** is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and includes such transactions as specified under Companies Act or rules made thereunder and of the Listing Agreement including any amendment or modification thereof, as may be applicable.

"Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract."

2.5. “**Material Related Party Transaction**”, a transaction shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

2.6. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation where ever applicable..

### **3. Process:**

3.1. The transaction with related party should be entered only if it satisfies the following conditions:

- i) Transaction should be arising out of ordinary course of business
- ii) The transaction should not be prejudicial to the interest of the Company.
- iii) The transaction should be at arm’s length.

3.2. The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee describing the name of related party, nature of transaction, period of transaction, estimated value of transaction and such other things as may the Committee may require.

3.3. Unless otherwise specifically approved as above at para 3.2, the Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- i) The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii) The Audit Committee satisfy 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 following:
  - a) Name(s) of the Related Party;
  - b) Nature of the transaction;
  - c) Period of transaction;
  - d) Maximum amount of transaction that can be entered into;
  - e) The indicative base price / current contracted price and the formula for variation in the price, if any, and;

f) 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 transactions subject to their value not exceeding Rs.1 crore per transaction.

3.4.The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;

3.5.Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

3.6.The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

3.7.In the case of Material Related Party Transaction, the approval of the shareholders by way of special resolution is also required irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm length or both and the Related Party shall abstain from voting on such resolutions.

3.8.In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arms' length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder.

4. Disclosure:

- Details of all material transactions with related parties shall be disclosed in the quarterly Audit Committee Meeting and in quarterly Compliance Report on Corporate Governance., as required under listing agreement once applied to the company.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

5. Amendment:

The Board may amend or modify this Policy in whole or in part, from time to time.

6. Related party transactions not approved under this policy.

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or

termination of the related party transaction. 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 for the loss suffered by the related party 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.

**(Approved by Board of Directors in its Meeting held on 19 February,2015)**

Certified True Copy

Lalit Kumar Mohanty

Company Secretary