



ONGC Petro additions Limited

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Policy on Related Party Transactions of **ONGC Petro additions Limited**

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ONGC Petro additions Limited (OPaL), a joint venture company incorporated in the year 2006, as a Public Limited Company under the Companies Act, 1956, promoted by Oil and Natural Gas Corporation (ONGC) and co-promoted by GAIL (India) Limited (GAIL) and Gujarat State Petroleum Corporation Limited (GSPC).

I. INTRODUCTION:

This Policy on Related Party Transactions of ONGC Petro additions Limited is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. This Policy specifically deals with the review and approval mechanism of material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of such transactions.

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“**SEBI Listing Regulations or SEBI LODR**”) have laid down extensive requirements to be fulfilled in case of Related Party Transactions. Additionally, SEBI Regulations specifies that the Company is required to formulate a policy on materiality of related party transactions including clear threshold limits duly approved by the board of directors and also on dealing with Related Party Transactions.

This Policy adopted by the Board of Directors of the Company at the 106th meeting held on 7th August, 2023 under the nomenclature “Policy on Related Party Transactions of ONGC Petro additions Limited” and shall be implemented with immediate effect.

This Policy is designed duly considering the provisions governing Related Party and Related Party Transactions (RPT) under Companies Act, 2013, SEBI Regulations and Ind-AS.

II. APPLICABILITY:

This Policy shall be applicable to all Related Party Transactions between the Company and its Related Parties.

III. SCOPE AND PURPOSE:

The Policy has been framed to comply with the applicable provisions of Companies Act, 2013 and SEBI Regulations. Any subsequent amendment/modification in the applicable provisions of Companies Act, 2013 or the rules made thereunder or in the SEBI Regulations in this regard shall be deemed to be automatically incorporated in this Policy.

Regulation 23(1) of SEBI Listing Regulations requires that such Policy should be reviewed by the board of directors at least once every three years and updated accordingly.

IV. DEFINITIONS:

“Act” shall mean the Companies Act 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

“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 as defined in explanation (b) of Section 188 of the Act.

“Associate Company”, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation—For the purposes of this clause:

(a) the expression “significant influence” means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;

(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

“Board Level Audit Committee” or “Committee” means “Audit Committee” of the Board of Directors of the Company.

“Board of Directors” or “Board” means the collective body of the Directors of OPaL as constituted from time to time.

“Company” means ONGC Petro additions Limited (OPaL).

“Control” shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner; and SEBI (LODR) Regulations, 2015 provides that “Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

“Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

“Material Modification” in relation to a related party transaction approved by the Audit Committee or a material related party transaction approved by the shareholders as the case may be, material modification means any variation having an impact on the monetary limits already approved by the Audit committee or Shareholders, exceeding 25% of the originally approved transaction.

Provided that in the value of RPT on account of following shall not be considered as material modification:

1. Change in quantity or rate of the existing RPT due to the reasons beyond control of the related parties; and
2. Change due to revision / imposition of statutory levies like taxes, duties, etc.

“Material Related Party Transaction” means a transaction with a related party shall be considered material if the transaction(s) to be entered individually or taken together with previous transaction during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of OPaL as per the last audited financial statements of OPaL, whichever is lower.

Notwithstanding the above, 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 5% (five) percent of the annual consolidated turnover of OPaL as per the last audited financial statements of OPaL.

“Net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

“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.

“Ordinary Course of Business” means a transaction which is carried out in the normal course of business as envisaged in the Memorandum of Association (‘MoA’) of the Company as amended from time to time, or is in connection with the normal business carried on by the Company. It includes but not limited to the following:

- i. is normal or otherwise remarkable for our particular business
- ii. is frequent and regular
- iii. involves significant amount of money
- iv. is a source of business for our business
- v. is involved in a service or product that is offered to customers.

“Policy” means Related Party Transactions Policy of ONGC Petro additions Limited.

“Related Party” the term as defined under sub-section (76) of section 2 of the Companies Act, 2013, under the Ind Accounting Standards and Regulation 2(1)(zb) of Listing Regulations, and the same is given hereunder:

As per **Regulation 2 (1) (zb) of Listing Regulations** “related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023;in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

As per **Section 2(76) of the Companies Act, 2013** and Rules made thereunder,

“Related Party”, with reference to a company, means—

- (i) a director or his relative;
- (ii) key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager and holds is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

(viii) any company which is—

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(C) an investing company or the venturer of the company.

Explanation: For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

(ix) such other person as may be prescribed (Rule 3 of Companies (Specification of definitions details) Rules, 2014);

(For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director other than independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party).

As per **Indian Accounting Standard (Ind AS) 24** related parties are as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

(a) A person or a close member of that person’s family is related to a reporting entity if that person:

(i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- (vi) The entity is controlled or jointly controlled by a person identified in(a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Clause 9 of the Indian Accounting Standard (Ind AS) 24, defines certain terms which are also pertinent for ascertaining related party relationships and the same are as follows :

Related party transaction	A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.
Control	Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
Joint Control	Joint Control is the contractually agreed sharing of control over an economic activity.
Significant Influence	Significant Influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant Influence may be gained by share ownership, statute or agreement.
Key Management Personnel	Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
Government	Government refers to government, government agencies and similar bodies whether local, national or international.
Government-related entity	A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.

“Related Party Transactions”: Section 188 of the Companies Act, 2013 encompasses all contracts or arrangements with a Related Party with respect to:

- 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) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the company.

As per Listing Regulations “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.

As per Ind Accounting Standard-24: A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

“**Relatives**”, with reference to any person, means anyone who is related to another, if-

(i) They are members of a Hindu Undivided Family;

(ii) They are husband and wife; or

(iii) one person is related to the other in such manner as may be prescribed (Rule 4 of the Companies (Specification of definitions details) Rules, 2014).

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:

(1) Father:

Provided that the term “Father” includes step-father.

(2) Mother:

Provided that the term “Mother” includes the step-mother.

(3) Son:

Provided that the term “Son” includes the step-son.

(4) Son’s wife.

(5) Daughter.

(6) Daughter's husband.

(7) Brother:

Provided that the term "Brother" includes the step-brother;

(8) Sister:

Provided that the term "Sister" includes the step-sister.

"Subsidiary company" or **"subsidiary"** shall have the same meaning as defined under sub-section (87) of section 2 of the Act.

"Transaction", a transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

"Turnover" means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

Further, for the purpose of the policy, Indian Accounting Standard (Ind AS) 24 shall be referred.

Any other term not defined herein above shall constitute the same meaning as defined under the Companies Act, 2013, the Securities and Exchange Board of India SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

V. POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

5.1 Materiality Threshold for Related Party Transaction:

Regulation 23 of the SEBI Listing Regulations requires the Company to provide materiality thresholds for transactions beyond which prior approval of the shareholders will be required by way of a resolution.

a) 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 (1000 crore) or ten per cent (10%) of the annual consolidated turnover of OPaL as per the last audited financial statements of OPaL, whichever is lower.

b) 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 (5%) of the annual consolidated turnover of OPaL as per the last audited financial statements of OPaL.

Further, all material related party transactions and subsequent material modifications as defined by the Audit Committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

VI. ADHERENCE TO THE POLICY – Implementation Mechanism

6.1 The Company shall identify and keep an updated list of all the related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

6.2 The Company shall identify all the related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company shall determine whether the transaction is in the ordinary course of business and on an arm's length basis and for this purpose.

VII. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

7.1 Approval of the Audit Committee

- i.** All related party transactions and subsequent material modifications shall require approval of the Audit Committee of the Company and only those members of the Audit Committee, who are independent directors, shall approve related party transactions.
- ii.** a related party transaction to which the subsidiary of OPaL is a party but the OPaL 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 (10%) of the annual consolidated turnover, as per the last audited financial statements of OPaL;
- iii.** prior approval of the audit committee of OPaL shall not be required for a related party transaction to which the listed subsidiary is a party but OPaL is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI (Listing Regulations) are applicable to such listed subsidiary.

(For related party transactions of unlisted subsidiaries of OPaL as referred to in (iii) above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.)

- iv.** However, as per Rule 6A of the Companies Act, 2013 (Meeting of Board and its powers) Second Amendment Rules, 2015 and the listing regulations, the Audit Committee may grant the omnibus approval for Related Party Transaction subject to the following conditions:

- 1.** The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:
 - (a)** maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;

- (b)** the maximum value per transaction which can be allowed;
 - (c)** extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d)** review on quarterly basis, the related party transaction entered into by the company pursuant to each of the omnibus approval made;
 - (e)** transactions which cannot be subject to the omnibus approval by the Audit Committee.
- 2.** The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
- (a) repetitiveness of the transactions (in past or in future);
 - (b) justification for the need of omnibus approval.
- 3.** The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
- 4.** The omnibus approval shall contain or indicate the following: -
- (a) name of the related parties;
 - (b) nature and duration of the transaction;
 - (c) maximum amount of transaction that can be entered into;
 - (d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:
- Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore (1 crore) per transaction.
- 5.** Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- 6.** Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- 7.** Any other conditions as the Audit Committee may deem fit.
- 8.** In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified abovementioned criteria for granting omnibus approval.
- 9.** The requirement for seeking Audit Committee approval for related party transactions shall not be applicable:
- i. transactions entered into between two government companies;
 - ii. between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;

- iii. to transactions between the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

For the purpose of 9(iii) above, "government company(ies)" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.

7.2 Approval of the Board of Directors:

As per section 188(1) of the Act read with applicable Rules except with consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to:

- (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) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company: and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company.

Provided that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transaction which are not on arm's length basis.

The following kinds of transactions with related parties will also be placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e., value threshold and/or other parameters) require Board approval in addition to Audit Committee approval.
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval.
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down in Clause 5 of the Policy and any subsequent Material Modification to a Material Related Party Transaction, which are intended to be placed before the shareholders for approval.
- Any other transaction the Audit Committee may deem fit for Board approval.

Such approval of Board may be obtained at a duly convened meeting.

7.3 Approval of Shareholders

The following transactions require prior approval of Shareholders of the Company, as prescribed under Section 188 (1) of the Companies Act, read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014:

S. No.	Specified RPT(s) u/s 188(1) of the Companies Act, 2013	Threshold limits for approval of Shareholders
a.	sale, purchase or supply of any goods or materials, directly or through appointment of agent	amounting to 10 % or more of the turnover of the Company
b.	selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent	amounting to 10 % or more of net worth of the Company
c.	leasing of property of any kind	amounting to 10 % or more of turnover of the Company
d.	availing or rendering of any services, directly or through appointment of agent	amounting to 10% or more of the turnover of the Company <i>[Explanation- It is hereby clarified that the limits specified in sub-clause (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].</i>
e.	appointment of any agent for purchase or sale of goods, materials, services or property	As per limit prescribed in clause a), b) and d) of clause VI(b), in case resulted into appointment of agent
f.	such related party's appointment to any office or place of profit in the company, its subsidiary company	At a monthly remuneration exceeding Rs. 2.50 lakhs or associate company
g.	underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of the net worth

Provided that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transaction which are not on arm's length basis.

In terms of Regulation 23(4) of the Listing Regulations, all Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

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.

[Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.]

The explanatory statement to be annexed to the notice of a general meeting convened pursuant to Section 101 of the Companies Act, 2013 shall contain the following particulars, namely:

- (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 members to take a decision on the proposed resolution.

2. Transactions arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/Companies Act, 2013, will not attract the requirements of section 188 of the Companies Act, 2013.

3. Contracts entered into by companies, after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of Section 188 of the Companies Act, 2013, will not require fresh approval under the said section 188 till the expiry of the original term of such contracts. Thus, if any modification in such contract is made on or after 1st April, 2014, the requirements under Section 188 will have to be complied with.

4. If a person has been convicted of an offence dealing with related party transactions under Section 188 at any time during the last preceding five years, he shall not be eligible for appointment as a director of the company.

7.4 Audit Committee/Boards Approval/ Shareholders Approval is exempted for following:

1. Transaction entered into between two government companies;
2. Transaction entered into between a holding and its wholly owned subsidiary whose accounts are consolidated with such holding and placed before the shareholders at the general meeting for approval.
3. Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
4. In respect of the Company, if a resolution plan is approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

VIII. AUDIT COMMITTEE/BOARDS APPROVAL FOR EXEMPTED & NON-EXEMPTED CATEGORIES OF RPT:

8.1 In case of non-exempted categories of RPT, the following details/information shall be provided to the Audit Committee/ Board for entering into Related Party Transaction(s):

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with OPaL or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of OPaL's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by OPaL or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter - corporate deposits, advances or investments, nature of indebtedness; cost of funds; and tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of OPaL;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant.

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

8.2 In case of exempted categories of RPT, the following details/information shall be provided to the Audit Committee for entering into Related Party Transaction(s):

- a) name of the related party and nature of relationship, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- b) particulars of the contract or arrangement including material terms of and the value, if any;

- c)** any advance paid or received for the contract or arrangement, if any
- d)** manner of determining the pricing (indicative base price / current contracted price and the formula for variation in the price, if any) and other commercial terms, both included as part of contract and not considered as part of the contract;
- e)** 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
- f)** any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

IX. GENERAL

While approving, the Audit Committee / Board may, inter-alia, consider the following factors:

- a)** 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;
- b)** 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, at the time of entering into the transaction;
- c)** business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- d)** whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or KMP of the Company;
- e)** Director or KMP shall not participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director / KMP shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board;
- f)** any other matter the Audit Committee/ Board deems relevant.

X. RATIFICATION OF RELATED PARTY TRANSACTION

- a. Subject to the provisions of the Act, Listing Regulations and other applicable laws, if prior approval of the Audit Committee/Board/Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee/Board/Shareholders, if required, within 3 (three) months of entering in the Related Party Transaction.
- b. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- c. In any case where either the Audit Committee/Board/Shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/Board/Shareholders has authority to modify or waive any procedural requirements of this Policy in the best interest of the Company.

XI. DISCLOSURES

- a. Every Contract or arrangement entered with Related Parties with the approval of Board / Shareholders in line with Section 188 of the Act shall be referred in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements.
- b. The Company shall submit, disclosures of related party transactions, in the format as specified by the SEBI to the stock exchanges and publish the same on its website.
- c. the listed entity shall make such disclosures along with its standalone financial results for the half year.

- d. 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.
- e. Name of all related parties & nature of relationships & details of all related party transactions should be disclosed in the financial statement as per **IndAS 24**.
- f. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party requires approval of the Board.

XII. SUMMARY OF THE APPROVAL MECHANISM UNDER SEBI LODR, 2015 AND THE COMPANIES ACT, 2013

Details of Transaction(s)	Approving Authority
All Related Party Transactions and any subsequent modification.	Audit Committee
RPTs at 7.2 above which are not in ordinary course of business or not on arm's length basis or both	Approval and recommendation by Audit Committee to the Board and Approval by the Board.
Material RPTs at 7.3 above which are in not in ordinary course of business or not on arm's length basis or both (beyond threshold limits)	Approval and recommendation by the Board to Shareholders and Approval by the Shareholders, by way of resolution

XIII. AMENDMENT

The Board of Directors shall review at least once in every 3 years and may amend this policy at any time, in whole or in part, from time to time as per the requirement of the Act or any statute. However, any amendment in the Policy required in compliance with the Listing Regulations or any statutory enactment, the Board of Directors of the Company is empowered to approve such amendment.

In case of any amendment(s), clarification(s), notification(s) and 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 be deemed to be modify(ied) / or amended accordingly from the effective date as laid down under such amendment(s), clarification(s), notification(s) and circular(s), etc.

XIV. DISCLAIMER

In case of any discrepancy between the above Policy, the Companies Act, 2013 and the Listing Regulations or any rules or regulations made thereunder or under any other applicable statutory enactment of law, the enacted law / rule / regulation / provision shall prevail over the above Policy. Any subsequent modification / amendment in the listing Regulations, Act and / or applicable law in this regard shall automatically apply to this Policy.

XV. COMMUNICATION

This Policy will be communicated to all Directors, KMPs and Members of the Management Committee and other concerned persons of the Company.

The Policy on Related Party Transaction of ONGC Petro additions Limited shall be hosted on the website of the Company.
