

Oriental Aromatics

**POLICY ON
RELATED PARTY TRANSACTIONS**

Policy revised on 09th August, 2019

POLICY ON RELATED PARTY TRANSACTIONS

Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time

1. PREAMBLE:

The Board of Directors (the “Board”) of Oriental Aromatics Limited (Formerly Camphor and Allied Products Limited) (the “Company”) has adopted the following policy and procedures with regards to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. PURPOSE:

This policy is framed in accordance to Section 188 of the Companies Act, 2013 read with the rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time. The Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. DEFINITIONS:

- 3.1 “**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.
- 3.2 “**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.
- 3.3 “**Board**” means Board of Directors of the Company.
- 3.4 “**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 3.5 “**Key Managerial Personnel**” means key managerial personnel as defined under the

Companies Act, 2013 and includes:

- i. the Chief Executive Officer or the managing director or the manager;
- ii. the company secretary;
- iii. the whole-time director;
- iv. the Chief Financial Officer
- v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi. such other officer as may be prescribed

3.6 **“Material Related Party Transaction”** includes the following:

- i. a transaction with a related party if entered into individually or taken together with previous transaction(s) 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; and
- ii. a transaction involving payments made to a Related Party with respect to a 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 latest audited financial statements.

3.7 **“Policy”** means Related Party Transaction Policy.

3.8 **“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.

3.9 **“Related Party Transaction”** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as amended and means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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 :

- i. sale, purchase or supply of any goods or materials
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind
- iv. availing or rendering of any services
- v. appointment of any agent for purchase or sale of goods, materials, services or property
- vi. appointment to any office or place of profit in the company
- vii. underwriting the subscription of any securities or derivatives thereof, of the company

3.10 “**Relative**” means relative as defined under Section 2(77) of Companies Act, 2013 read with rules and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

3.11 “**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 Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

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

4. POLICY:

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

6.1 APPROVAL OF AUDIT COMMITTEE:

All the Related party transactions shall require prior approval of Audit Committee. Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information pertaining to the Related Party Transaction, 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. In determining whether to approve a Related Party Transaction, the Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the Director's, 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.

6.2 OMNIBUS APPROVAL BY AUDIT COMMITTEE:

- i. Audit Committee may grant omnibus approval in respect of Related Party Transactions which are repetitive in nature, pursuant to the provisions of Section 177 read with Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014. Audit Committee shall lay down the criteria for granting the Omnibus Approval in accordance with this Policy.

- ii. The Audit Committee shall 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 –
 - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price, if any, and
 - (iii) such other conditions as the Audit Committee may deem fit;
- iv. In case 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 ₹ 1 crore per transaction.
- v. 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.
- vi. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

6.3 APPROVAL BY BOARD OF DIRECTORS:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- i. 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;
- ii. 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;
- iii. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- iv. Transactions meeting the materiality thresholds as specified in the Companies Act and Listing Regulations, which are intended to be placed before the shareholders for approval.

6.4 APPROVAL OF THE SHAREHOLDERS OF THE COMPANY:

The approval of the shareholders by way of an Ordinary resolution shall be taken for the material related party transactions as per the applicable provision of Companies Act, 2013 or rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

Further, all Related Party Transactions pursuant to Section 188 of the Companies Act, 2013 which are not in the ordinary course of business and/ or not an Arm's length basis and which crosses the threshold limits prescribed under Companies Act, 2013, shall also require the approval of shareholders of the Company through Ordinary resolution and the Related Parties with whom transactions are being entered shall not vote to approve such resolution(s).

7. EXCEPTIONS:

Approvals of Audit Committee / Board of Directors / Shareholders under this Policy shall not be applicable in following cases:

- i. Transactions entered into between two government companies.
- ii. Transaction entered into between a holding company and its wholly owned subsidiary, whose accounts are consolidated with such holding Company and placed before the shareholders at the general meeting for approval.
- iii. Any transaction that involves the providing of compensation to a director or key managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of Business in compliance with the Companies Act, 2013 and the rules made thereunder.
- iv. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

8. DISCLOSURE OF RELATED PARTY TRANSACTIONS:

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transactions.

Further, the policy on dealing with Related Party Transactions shall be disclosed on Company's website and the web link thereto shall be provided in the Annual Report of the Company.

The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website. In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold on a quarterly basis to the stock exchanges.

9. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy

10. OTHER AGREEMENTS:

Management will assure that all Related Party Transactions are not in violation of and are approved in accordance with any requirements of the Company's financing or other material agreements.

This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be published on the website of the Company.

Sd/-
Dharmil A. Bodani
Chairman and Managing Director
DIN: 00618333