



RELATED PARTY TRANSACTION POLICY

(Amended w.e.f 01st April, 2022)

1. PREAMBLE:

Osiajee Texfab Limited (“Osiajee” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions (“RPT”) and also on dealing with Related Party Transactions in terms of the Regulation 23 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and Section 188 of the Companies Act, 2013.

2. PURPOSE:

This Policy intends to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties. The Board of Directors of the Company (“Board”) on recommendation of the Audit Committee of the Company (“Audit Committee”) shall review the Policy atleast once in three years and may amend the same from time to time.

3. DEFINITIONS:

- **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. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.
- **Audit Committee:** means “Audit Committee” constituted by the Board of Directors of the Company under provisions of SEBI (LODR) Regulation, 2015 and Companies Act, 2013 as amended from time to time.
- **Associate Company:** means any other Company, in which the 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 purpose of this clause
“significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.
- **Board of Directors or Board:** means the Board of Directors of the Company, as constituted from time to time.
- **Control:** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- **Material Related Party Transaction:** in terms of SEBI (LODR) means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

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CIN: L17299PB1995PLC055743

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1. In case of transactions exceeding rupees one thousand crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
 2. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- **Material Modification:** in terms of SEBI (LODR) means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.
- **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 in the listed entity, as below, 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:
- (i) to the extent of twenty per cent or more; or
- (ii) to the extent of ten per cent or more (with effect from April 1, 2023);
- shall be deemed to be a related party.

- **Related Party Transaction (RPT)** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Explanation – A “transaction” with a Related Party shall be construed to include single or a group of transactions in a contract.

The RPT shall include transactions between -

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand;
- b. the Company 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 Company or any of its subsidiaries w.e.f. April 1, 2023.

4. Policy and Procedure

- **Policy**

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All Related Party Transactions [where the Company is a party to such transactions], must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

➤ **Procedures:**

a. Identification of Related Party Transactions

Every director shall at the beginning of the financial year provide information by way of written notice to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Companies Act, 2013 and the rules thereunder and SEBI LODR as amended from time to time.

b. Review and approval of Related Party Transaction

i. Audit Committee:

- Every Related Party Transaction [and subsequent Material Modifications] shall be subject to the prior approval of the Audit Committee. The members of the audit committee, who are independent directors, shall only approve related party transactions.
- The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI LODR as amended from time to time.
- The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- Prior approval of the Audit committee shall be required for:
 - All RPTs and subsequent Material Modifications
 - RPTs where Company's subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company.
 - with effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, 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 such subsidiary.

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Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

The Audit Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

- The Audit Committee shall also review the statement of significant related party transactions submitted by management as per its terms of reference.
- 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 Committee shall be provided with the necessary information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time, to the extent relevant, with respect to actual or potential Related Party Transactions.
- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

II. Approval of the Board and the Shareholders:

- All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all related party transactions [which are not in the ordinary course of business or not at the arm's length price and are] exceeding threshold limits prescribed in the Act as per **Annexure 1** shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and [all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.]

[Further, the information as prescribed under the Companies Act, 2013 and/or the SEBI Listing Regulations, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs.]

- All the Material Related Party Transactions [and subsequent Material Modifications] shall require [prior] approval of the Board and shareholders through Ordinary Resolution and [no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.]

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[Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.]

Provided that the aforesaid requirements shall not apply in respect of a resolution plan 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.

Provided that the provisions pertaining to Prior approval of the Audit Committee for all RPTs, Omnibus approval for RPTs and Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications shall not be applicable when the transactions are entered into:

- a. By the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- b. between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

5. Transaction which do not require approval

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 including following

- 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 Company 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.

6. Related Party Transactions not approved under this policy:

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action as it deems appropriate.

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7. Disclosures:

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Material RPTs shall be provided in the notice to shareholders.
- The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- The Company shall submit enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:
 - i. within 15 days from the date of publication of financials;
 - ii. simultaneously with the financials w.e.f. April 1, 2023].and also publish the same on its website.

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

8. Policy Review:

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI (LODR) Regulation, 2015.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI (LODR) or any other regulations (“the Regulations”) which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

Note:

Pursuant to Regulation 15(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, the compliance with the Corporate Governance provisions as specified in regulations 17,17A,18,19,20,21,22,23,24,24A,25,26,27 and clause (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V shall not apply, in respect of:-

- listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

Provided that where the provisions of regulations 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V become applicable to a listed entity at a later date, it shall ensure compliance with the same within six months from such date.

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Provided further that once the above regulations become applicable to a listed entity, they shall continue to remain applicable till such time the equity share capital or the net-worth of such entity reduces and remains below the specified threshold for a period of three consecutive financial years.

- listed entity which has listed its specified securities on the SME Exchange

Provided that for other listed entities which are not companies, but body corporate or are subject to regulations under other statues, the provisions of corporate governance provisions as specified in regulation 17, 58[17A,] 18, 19, 20, 21, 22, 23, 24, 59[24A,] 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V shall apply to the extent that it does not violate their respective statutes and guidelines or directives issued by the relevant authorities.

{Since, the Paid up equity share capital and Turnover of the Company is less than INR 10 Crore and INR 25 Crore as on March 31, 2022 the provisions of this policy doesnt apply to the Company. However, as and when the paid up share capital and turnover of the Company exceeds the aforementioned limits the provisions become applicable to the Company and the Company shall ensure compliance with the same within a period of six months from such date.}

(This Policy is lastly amended as per the recommendations of the Audit Committee meeting held on May 30, 2022 and approved by the Board of Directors at its meeting held on May 30, 2022.)

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ANNEXURE- 1

Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows:

- a. As contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below-
 - Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of subsection (1) of section 188;
 - Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company , as mentioned in clause (b) and clause (e) respectively of subsection (1) of section 188;
 - Leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
 - Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188.

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- b. is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.
- c. is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent.of the net worth as as mentioned in clause (g) of sub-section (1) of section 188.

Provided the turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

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