



OIL AND NATURAL GAS CORPORATION LIMITED

(A Government of India Enterprise)

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ONGC - POLICY ON RELATED PARTY TRANSACTIONS

(With effect from 20.05.2024)

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Revised on: 04.03.2020

Oil and Natural Gas Corporation Limited

ONGC - POLICY ON RELATED PARTY TRANSACTIONS

Oil and Natural Gas Corporation Limited (“ONGC”/ the Company), a Maharatna, Central Public Sector Enterprise, under administrative control of the Ministry of Petroleum and Natural Gas (MoP&NG), Government of India, is an Integrated Energy Company and has footprints in energy business through its Subsidiaries and Joint ventures.

1. Introduction

The Company enters into various transactions in normal course of business, including transactions with related parties, which can be potential reason for conflict of interest and therefore closely linked to governance. The Company conducts its business in compliance with applicable laws and regulations in a manner that is in larger interest of the Company. Framework of the Policy is mainly governed by the provisions of the Companies Act, 2013 (herein after referred to as **the Act**) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred to as “**SEBI – LODR Regulations**”).

2. Scope and Effective Date

The SEBI – LODR Regulations” mandates formulation of a policy on Materiality of Related Party Transactions and also on dealings with Related Party Transactions (RPTs). Further, the said policy shall be reviewed and updated by the Board of Directors at least once every three years.

The Board of Directors of the Company at its 326th meeting on 16.03.2020 had inter-alia approved the Policy on RPTs mainly to regulate the approval and reporting of transactions between the Company and their Related Parties based on the laws and Regulations applicable to the Company.

Effective Date:

This Revised ONGC Policy on Related Party Transactions shall become effective upon approval by the Board from 20.05.2024 and shall supersede the existing Policy.

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 [Explanation to sub-section (1) of Section 188 of the Act].

Arm’s length basis is to be determined based on terms and conditions including price of transaction(s) and the said determination is to be made by the Functional Director(s) concerned.

3.2 Material Related Party Transaction - means a RPT having value exceeding the threshold limits as prescribed under the SEBI LODR Regulations and/ or the Companies Act, 2013 whichever is lower.

3.3 Material Modifications” means any subsequent change to an existing Related Party Transaction, approved by the Audit Committee/ Board and/or shareholders, having variance (increase or decrease) of 25% of existing limit.

Provided that change in the value of RPT on account of following factors shall not be considered as Material Modification:

- (a) Change in benchmarking components including rates [such as Saudi Aramco CP prices for VAPs, Platts Arab Gulf for Naptha, or any other benchmarking components as may be agreed upon in transaction document(s)], or quantity due to the reasons beyond the control of the Related Parties;
- (b) Change in underlying exchange rate(s) of currency;
- (c) Change due to revision/ imposition of levies on account of regulatory/ statutory reasons like taxes, duties, etc.

3.4 Ordinary course of business, includes, but not limited to, activities that are necessary, normal, and incidental to the business.

Meaning and Interpretation: All other terms used in this Policy but not defined herein shall have the same meaning as assigned to such term in the Act (including Rules issued thereunder)/ SEBI LODR Regulations, as amended from time to time.

In case of any conflict between this Policy and applicable laws, the applicable law (as existing on the date of the concerned transaction) shall prevail.

4. Procedures

A. Identification of Related Party

Company shall identify the list of related parties as per the criteria provided under Companies Act, 2013 and SEBI (LODR), Regulations, 2015 and application accounting standards and laws.

Corporate Accounts Department shall prepare and maintain the list of Related Parties as also required for preparing the Notes to the Accounts. The list shall be maintained in SAP so that Related Party and transactions related thereto can be accessed/ downloaded in a centralized manner.

The said identification shall be done at the Company level based on following documents:-

i) Related Parties relating to Directors and KMPs:

Company Secretary shall collate list of Related Party(ies) pertaining to Director(s) and KMP(s) of the Company based on disclosures provided by the individual(s) concerned. The said list shall be updated on quarterly basis based on revision in disclosure(s), if any, or change in Director(s) or KMPs.

ii) Related Parties relating to Subsidiaries and List of Joint Ventures, Associates and Controlled entities:

- a. Company Secretary: List of Related Parties of Subsidiaries shall be collated by the Company Secretary from company secretary of respective subsidiaries.
- b. Chief of JV&BD and Corporate Strategy: Chief of JV&BD Group and Chief of Corporate Strategy shall provide list of Joint Ventures and Associate companies;
- c. Chief Corporate Accounts: Chief Corporate Accounts shall provide list of Controlled entities for the purpose of ascertaining Related Parties.

B. Identification of Related Party Transactions:

- i. The Key Executive(s) in coordination with Local Finance In-charge shall bring to the notice of any potential related party transactions to the Company Secretariat through the Functional Director concerned.
- ii. The Company Secretariat shall review the information and suggest appropriate actions including prior approval, if any, required from Audit Committee or Board or the Shareholders of the Company

Timelines: Estimation of routine and/ or repetitive RPTs having annual value of transaction around ₹800 Crore [equivalent to 80% of threshold for material related party transaction] shall be made preferably by mid of February in previous financial year, so that approval of Audit Committee and/ or Board, if required, may be obtained well before commencement of financial year. If estimated value exceeds ₹800 Crore then such transaction should reported preferably in the 1st quarter of previous financial year, so that such RPTs can be placed for approval of Annual General Meeting convened prior to beginning of the financial year.

5. Approval and Review of RPTs

Approval of RPTs:

(a) Audit Committee:

All the transactions which are identified as Related Party Transactions and subsequent modifications thereof, shall be approved by the Audit Committee in the manner specified under the SEBI LODR Regulations and/ the Companies Act, 2013. The Audit Committee shall consider the proposal along with requisite details as stipulated under the relevant statutory provisions.

Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive/ frequent in nature and subject to such criteria/ conditions as per requirements of SEBI LODR Regulation and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

(b) Board of Directors:

Approval of Board of Directors for RPT's that is not in the ordinary course of business or not on arm's length basis.

(c) **Shareholders:**

Approval of Shareholders for RPTs as per requirements of the Companies Act, 2013 and/ or approval of Material RPT's and Material Modification thereto, if any.

Review and Reporting of RPTs:

- (a) Functional Directors shall review all Related Party Transactions (RPTs) undertaken under their administrative control to ensure that all RPTs are within approved limits.
- (b) Chief Corporate Accounts shall place an agenda to the Audit Committee for review of all RPTs on a Quarterly basis and approval of RPTs, if any.
- (c) Chief Corporate Accounts shall prepare and finalise RPTs details as required for the purpose of disclosure under the SEBI LODR Regulations and Company Secretary shall do the necessary filings of said disclosure.
- (d) Chief Corporate Accounts shall prepare and annex the details of RPTs in the prescribed format of AOC-2;
- (e) Review of Long term Contracts: All long term RPTs (more than one year) contracts shall be placed for review of Audit committee annually before start of financial year by the Key Executive concerned through his Functional Directors.

06. Review

The "ONGC – Policy on Related Party Transactions" shall be reviewed by the Board once in every three years and updated accordingly.

07. Amendment:

Amendment in Policy shall be made as under:

- i. Amendment required due to statutory modifications on account of change in law including circular/ clarifications issued by the Competent Authority under the Companies Act, 2013 and/or SEBI LODR Regulations, such modifications shall be appropriately factored in the Policy with the approval of the Chairman/ CMD of the Company; and
- ii. Amendment proposal not covered as per clause (i) above, shall be subject to approval of the Board of Directors of the Company.

08. Disclosure of the Policy

This Policy will be uploaded on the website of the Company.