

BAHADUR CHAND INVESTMENTS PRIVATE LIMITED

RELATED PARTY TRANSACTIONS POLICY

Date of Adoption: 27.09.2021

Date of 1st Revision: 09.02.2022

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Introduction

Bahadur Chand Investments Private Limited (hereinafter referred to as BC IPL or the company) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company and its shareholders' best interests and in compliance to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors of the Company has adopted the following policy and procedures with regard to materiality of Related Party Transactions and also on dealing with them as defined below. The Audit Committee will review and may amend this policy from time to time subject to the approval of the Board.

The objective of this policy is to regulate transactions between the Company and its Related Parties based on the Companies Act 2013, The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and other laws and regulations as applicable to the Company.

1. Definitions

“Act” means the Companies Act, 2013

“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

“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 principles for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.

“Company” means Bahadur Chand Investments Private Limited

“Relative” with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder.

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act, rules prescribed thereunder and Regulation 2(1)(zb) of Listing Regulations or under applicable accounting standard, including the following:

- (a) any person or entity forming a part of the promoter or promoter group of the company; or
- (b) any person or any entity, holding equity shares of 10% or more in the Company, either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate financial year.

“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, including but not limited to the following:

- (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

The same is also to include transactions between 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, regardless of whether a price is charged.

A transaction shall be construed to include a single transaction or a group of transactions in a contract.

Further, the transactions specifically excluded under the Act or Listing Regulations shall not be considered as related party transactions.

“Material Related Party Transaction” shall mean a transaction which individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

“Subsequent Material Modifications” to the related party transactions shall mean

- any change in the approved methodology of price computation,
- an increase beyond 30% on the overall approved transaction amount for a Related Party.

“Key Managerial Personnel” shall mean the officers/employees of the Company as defined in Section 2(51) of the Companies Act, 2013

“Employees” shall mean the employees and office-bearers of the Company, including but not limited to Directors

“Director” means a person as defined in Section 2(34) of the Companies Act, 2013

“Audit Committee” means the Committee of the Board formed under Section 177 of the Act.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations or any other applicable regulation.

2. Related party transactions under the policy

Applicability

The new regime under Companies Act, 2013 and Listing Regulations covers in its ambit almost all the dealings and transactions with related parties. Any transfer of resources, services or obligations between a company and a related party, would get covered as a 'related party transaction', whether or not, there is an element of consideration, price or cash-flow.

Approval Process - Normal

All Related Party Transactions including Subsequent Material Modifications shall be entered into with prior approval of Audit Committee (only by Independent Directors of the Audit Committee). Based on the terms and conditions of a transaction, and applicable regulatory requirements, the Audit Committee will have the discretion to recommend / refer it for the approval of Board of Directors or Shareholders.

In the event such transaction, contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

The Audit Committee will have the discretion to seek opinion / report of an independent expert in case of any related party transaction.

All Material Related Party Transactions and subsequent modifications will be placed for approval of the shareholders of the Company through resolution and no Related Party shall vote to approve such resolution(s) whether the Company is a Related Party to the particular transaction or not. Additionally, related party transactions which are not in the ordinary course of business, or not at arm's length price and exceed certain threshold prescribed under the Act, shall also require shareholder's approval.

A related party transaction to which the subsidiary of the company is a party but the company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction (whether entered into individually or taken together with previous transactions during a financial year), exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of Regulation 23 of Listing Regulations.

Approval Process – Omnibus

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company or its Subsidiary subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company or its subsidiary, as the case may be and such approval shall be applicable in respect of transactions which are repetitive in nature.

- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. 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;

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.

- d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company or its subsidiary pursuant to each of the omnibus approval given.
- e. 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. Ratification of Related Party Transaction

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of regulation 23 of the Listing Regulations;
- (v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

4. Transaction at arm's length

The Company has laid out a framework to assess whether transactions with related parties are done at an arm's length. Globally accepted practices and principles have been incorporated in the framework. Tests to determine that transactions are in "ordinary course of business" and on an "arms' length basis" are conducted on an ongoing basis.

5. Disclosure

- All Directors/KMP are required to disclose the parties in which they are deemed to be interested in prescribed form.

- Further, each Director and KMP of the Company shall promptly notify the Secretarial Department of any related party transaction or relationship that could reasonably be expected to give rise to a conflict of interest.
- Every Related Party Transaction, if required under law/Listing Agreement shall be referred to in the Board's report along with the justification for entering into such contract or arrangement. The Company shall also maintain Register in the prescribed form.
- The company shall disclose the policy on dealing with Related Party Transactions on its website.

6. Whistle blower for any Related Party Transaction entered by company in non-compliance of such policy

Any officer or employee, can approach access / approach the vigil mechanism or Company Secretary to report a fraudulent related party transaction.

7. Guidance Principles for approval of a Related Party Transaction by the Board/Committee thereof

To review a Related Party Transaction, the Board/Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other relevant matters. In determining whether to approve or a Related Party Transaction, the Board/Audit Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a. Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b. 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;
- c. Whether the Related Party Transaction would impair the independence of an otherwise Independent Director or Nominee of a Director;
- d. Whether the Related Party Transaction would present an improper conflict of interest for any Director, Nominee for Director or KMP of the Company, taking into account the size of the transaction, the overall interest of the Director, Nominee for Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's Nominee, Executive Officer's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Audit Committee deems relevant.

8. 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 the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including 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 prior approval of the Audit Committee is not taken for a Related Party Transaction the Board/Audit 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 Board/Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. Consequences of non-compliance of such policy for any Related party transaction

Non-compliance of this Policy may lead to initiation of disciplinary proceedings against the employee. Details of such disciplinary proceedings will form part of the personal file of such employee and will be considered as a default on his or her key responsibilities. The above would be over and above the prescribed penal consequences under Companies Act and Listing Regulations.

10. Review

This Policy shall be reviewed by the Audit Committee on a periodic basis and make the changes therein as and when required by virtue of law and recommend the same to the Board for their approval thereon.

