

POLICY ON RELATED PARTY TRANSACTIONS

(As modified by the Board of Directors on 08th December, 2017)

BCL INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Introduction

BCL INDUSTRIES LIMITED recognizes that Related Party Transactions (as defined below) may pose potential or actual conflicts of interest and may raise questions whether such transactions are in the larger interest of the Company as well as the stakeholders concerned and in compliance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This policy as modified and duly by the Board of Directors of the Company at their Meeting dated 08th December, 2017 shall be implemented with immediate effect.

1.2 Scope and purpose of the policy

The Board of Directors of the Company upon the recommendation of Audit Committee has adopted this Policy on Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by Company to ensure compliance with the requirements under law.

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) made effective from 01st December, 2015, requires all listed companies to formulate a **policy on materiality of related party transactions and also on dealing with related party transactions**. Accordingly, this policy has been framed and adopted by the Board in supersession of the earlier policy on the subject followed under the erstwhile Listing Agreement.

2. Definitions

2.1 Act means the Companies Act, 2013 including any amendment or modification thereof.

2.2 Arm's Length Transaction means a transaction between two related parties that is conducted as if they were unrelated.

2.3 Associate Company a company as defined under section 2(6) of the Act and as defined by Indian Accounting Standard (**Ind AS**) 28 on Accounting for Investments in Associates in Consolidated Financial Statements.

2.4 Audit Committee means the Committee of the Board constituted under section 177 of the Act and Regulation 18 of the Listing Regulations.

2.5 Board or Board of Directors means the collective body of directors of the Company.

2.6 Body Corporate means an entity as defined under section 2(11) of the Act.

2.7 Company or BCL means BCL Industries Limited.

2.8 Director means a person as defined under section 2(34) of the Act.

2.9 Employees shall mean the employees and officers of the Company, including but not limited to Whole-time Directors.

2.10 Key Managerial Personnel, as defined under section 2(51) of the Act, in relation to the Company, shall mean -

- i. Chief Executive Officer or the Managing Director or the Manager
- ii. Company Secretary
- iii. Whole-time Director
- iv. Chief Financial Officer and
- v. Such other officer as may be prescribed.

The Key Managerial Personnel shall be as defined under section 2(51) of the Act as amended or re-enacted from time to time.

2.11 Listing Regulations means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2.12 Material Related Party Transaction means all RPTs exceeding 10% of consolidated turnover of the Company during the preceding financial year, which require the approval of the shareholders under the Listing Regulations, and other such RPT which require the approval of the shareholders in terms of section 188(1) of the Act read with rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014.

2.13 Related party with reference to BCL Industries Limited means –

(A) in term of section 2(76) Act -

- (i) A Director of BCL INDUSTRIES LIMITED or his relative;
- (ii) A Key Managerial Personnel of BCL INDUSTRIES LIMITED or his relative;
- (iii) A firm, in which a director/manager of BCL INDUSTRIES LIMITED or his relative is a partner;
- (iv) A private company in which a director/manager of BCL INDUSTRIES LIMITED is a member or director;
- (v) A public company in which a director/manager of BCL INDUSTRIES LIMITED is a director and holds along with his relatives, more than two per cent. of its paid- up share capital;
- (vi) Anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director/manager of BCL INDUSTRIES LIMITED, excluding advice, directions or instructions given in a professional capacity;
- (vii) Any person on whose advice, directions or instructions a director/manager of BCL INDUSTRIES LIMITED is accustomed to act, excluding advice, directions or instructions given in a professional capacity;
- (viii) Any company which is a holding, subsidiary or an associate company of BCL INDUSTRIES LIMITED; or a subsidiary of a holding company to which BCL INDUSTRIES LIMITED is also a subsidiary.
- (ix) such other person as may be prescribed.

The related Parties shall be as defined under section 2(76) of the Act as amended or re-enacted from time to time.

(B) In terms of Ind AS 24 -

Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

2.14 Related party Transactions means a transaction, entered/to be entered with related party/parties of the Company, either as specified under section 188 of the Companies Act, 2013 or as defined under Regulation 2(1)(zc) of the Listing Regulations.

2.15 Ordinary course of business:

Ordinary course of business means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities, which includes-

Payment of remuneration, including the monthly salary, performance related pay, and ex-gratia/reward for services, to Functional Directors and Key Managerial Personnel,

- (i) Payment of sitting fee to the Independent Directors;
- (ii) Payment of expenditure incurred on travel, conveyance, boarding, lodging and on other

expenditure incidental thereto, incurred by the Company in connection with the discharge of official duties by the Directors and Key Managerial Personnel;

(iii) Infusion of equity in the Subsidiaries and Joint Ventures Companies and the dividend received on such investments.

(iv) Such other transactions as the Audit Committee/Board may decide from time to time.

2.16 Policy means BCL - Policy on Related Part Transactions.

2.17 Relative:

Relative", 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, which is as follows:

- (a) Father (including step-father)
- (b) Mother (including step-mother)
- (c) Son (including step-son)
- (d) Son's wife
- (e) Daughter
- (f) Daughter's husband
- (g) Brother (including step-brother)
- (h) Sister (including step-sister)

2.18 Subsidiary means a company as defined in Section 2(87) of the Companies Act, 2013.

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

The definitions appearing in this Policy shall change and shall have effect as amended or re-enacted from time to time under respective laws, regulations or statutes.

3. Procedures

3.1 Identification of Related Party Transactions

3.1.1 The respective Director/ Key Executive/ Head of Department will ensure that a notice of any potential Related Party Transaction (being any contract or other services proposed to be entered with JVs, Subsidiaries and SPVs including appointment of/to any office or place of profit in any JVs, Subsidiaries or SPVs, and other related parties) is delivered well in advance to the Audit Committee and Board, so that the Audit Committee and Board will have adequate time to obtain and review information about the proposed transaction and arrange for necessary **prior approval of Audit**

Committee - in terms of regulation 23(2) of the Listing Regulations read with section 177(4)(iv) of the Act; **prior consent of the Board** - in terms of section 188(1) of the Act; **prior approval of the Company** by a resolution - in terms of first proviso under section 188(1) of the Act; and **ratification** by the Board or, as the case may be, by the shareholders within three months - in terms of section 188(3) of the Act.

3.1.2 Key Executive/Head of Department shall intimate to Corporate Accounts within ten days of the end of each quarter all the transactions with related parties.

Based on the above, all the related party transactions entered into during each quarter shall be consolidated by the Corporate Accounts and submitted to the Audit Committee and Board, as duly approved by the Director (Finance), along with Quarterly/Annual Accounts.

4. Review and approval of Related Party Transactions

4.1 Audit Committee

All the transactions with the related party, require the prior approval of the Audit Committee, in terms of regulation 23(2) of the Listing Regulations. Further, subsequent modification of such transaction also require the approval of the Audit Committee as provided under section 177(4)(iv) of the Act. The Audit committee shall consider the following factors while deliberating the related party transactions for its approval: -

- (i) Name of party and nature of relationship;
- (ii) Nature of transaction and material terms thereof including duration of transaction and the value of transaction;
- (iii) the manner of determining the pricing to ascertain whether the same is on arm's length; and
- (iv) Business rationale for entering into such transaction

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Audit Committee is authorised to grant **omnibus approval** for related party transactions as provided under section 177(4)(iv) of the Act read with rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, and regulation 23(3) of the Listing Regulations. Such omnibus approval may be granted for contracts exceeding one year; provided that the contract value shall be subject to fresh approval of Audit Committee on annual basis. Further, the Audit Committee shall consider and approve the omnibus approval based on the following criteria:

- The maximum value of all RPTs, in aggregate, which can be allowed under omnibus route in a year, shall not exceed 25% of the annual consolidated turnover of the company as per last audited financial statements.
- The maximum value per RPT which can be approved under omnibus route shall not exceed 10 crores per transaction.

Transaction of following nature shall not be subject to the omnibus approval of the Audit Committee:

1. Transactions which are not at arm's length or not in the ordinary course of business
2. Transactions which are not repetitive in nature
3. Transactions in respect of selling or disposing of the undertaking of the company.
4. Any other transaction the Audit Committee may deem not fit for omnibus approval

Further, in case of related party transactions which cannot be foreseen and where the above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given;

All omnibus approvals by the Audit Committee shall be valid for 1 year and shall require a fresh approval after expiry of such financial year.

4.2 Board of Directors

The Company shall enter into any contract or arrangement with a related party with respect to a transaction as specified under section 188(1) of the Act, only with prior consent of the Board of Directors given by way of a resolution of the Board, and subject to such conditions as may be prescribed under the Act from time to time.

However, no such approval of the Board shall be required for the transactions entered into with other government company/companies or any transaction entered into by the Company with a related party in the 'ordinary course of business' and at 'arm's length basis', as specifically provided under the Act.

Any member of the Board who has any potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

If the Board determines that any related party transaction require approval of the Shareholders of the Company, the same shall be placed before the Shareholders of the Company for obtaining the approval or, as the case may be, ratification of the Company by a resolution.

4.3 Shareholder approval

All related part transactions proposed by the Board for the prior approval of the Company by a resolution or, as the case may be, ratification as per the provisions of Companies Act 2013 or otherwise, shall be subject to the approval or, as the case may be, ratification of the shareholders, either at a general meeting or through postal ballot.

However, no member of the Company who is related to the transaction shall not vote on resolution for prior approval or, as the case may be, ratification.

5 Disclosures

5.1 Every Director of a Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into –

- With a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
- With a firm or other entity in which, such director is a partner, owner or member, as the case may be;

shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

5.2 The transaction entered into with the related party/ies shall be disclosed in the Annual Report/Accounts as per the disclosure requirement of the Companies Act, 2013 and Schedule V of the Listing Regulations.

5.3 The Policy on Related Party Transaction shall be disclosed on the website of the Company and a web link thereto shall also be provided in the Annual Reports of the Company.

This policy may be reviewed, amended and approved from time to time by the Board of Directors of the Company upon the recommendation of the Audit Committee.
