

## POLICY ON RELATED PARTY TRANSACTION

### 1. Preamble

This policy is framed as per the requirement of SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 read with Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges as & where applicable and applicable provisions of the Companies Act, 2013 and intended to ensure the proper approval and reporting of 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.

The Board of Directors of the Company has adopted the following Policy and procedure with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by Company to ensure compliance with the Law and Regulation. The Audit Committee will review the same from time to time and propose the amendment required in the policy to the Board of Directors.

### 2. Definitions

i) "Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

ii) "Board" means Board of Directors of the Company.

iii) "Related Party Transaction" A 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.

iv) "Material Related Party Transaction" means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions 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."

v) "Related Party" means related party as defined in Clause 49 of the Listing Agreement which is as follows:

A 'related party' is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control the other party or

exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1) A person or a close member of that person's family is related to a Company if that person:

I. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:

- (a) a director or his relative;
- (b) a key managerial personnel or his relative;
- (c) a firm, in which a director, manager or his relative is a partner ;
- (d) a private Company in which a director or manager is a member or director ;
- (e) a public Company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital;
- (f) any body corporate whose Board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions (except those given in a professional capacity) of a director or manager;
- (g) any person under whose advice, directions or instructions (except those given in a professional capacity) a director or manager is accustomed to act;
- (h) any Company which is –
  - a holding, subsidiary or an associate Company of such Company; or
  - a subsidiary of a holding Company to which it is also a subsidiary;
  - i. Director or key managerial personnel of the holding Company or his relative with reference to a Company; or
  - ii. has control or joint control or significant influence over the Company; or
  - iii. is a key management personnel of the Company or of a parent of the Company;  
or

2) An entity is related to a Company if any of the following conditions applies:

- i. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
- ii. The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- iii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- iv. Both entities are joint ventures of the same third party; or

- v. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- vi. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; or
- vii. The entity is controlled or jointly controlled by a person identified as a related party under Section 2(76) of the Act.
- viii. A person who has control or joint control or significant influence over the entity (or of a parent of the entity); or
- vi) “Relative” means relative as defined under the Companies Act, 2013 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)
- vii) “Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013 and includes
  - (a) Managing Director; or Chief Executive Officer or Manager and in their absence, a whole – time director;
  - (b) Company Secretary; and
  - (c) Chief Financial Officer
- viii) “Control” as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time, includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

Provided that a director or officer of a Company shall not be considered to be in control over such target Company, merely by virtue of holding such position”

### 3. Policy

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

(a) Each director and key managerial personnel is responsible for providing notice to the Company of any potential Related Party Transaction where he may be considered interested. Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Directors and KMPs will ensure that their notice of any potential Related Party Transaction is delivered well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

(b) The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.

(c) If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a special resolution pursuant to Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company.

(d) If prior approval of the Audit Committee / Board / General Meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, in the subsequent meeting.

(e) In any case where either the Audit Committee / Board / General Meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the General Meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make acceptable for ratification.

(f) No director or key managerial personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.

(g) If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.

(h) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

(i) The 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 case 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 rupees one crore per transaction.

(j) Thereafter, the Audit Committee, shall review atleast on a quarterly basis, the details of RTPs entered into by the Company pursuant to each of the omnibus approval given.

(k) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

(l) In addition, the Audit Committee/the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.

(m) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

### 3.2 Transactions which do not require approval

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

(a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

(b) 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.

### 3.3 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 Committee. The 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.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

### 4. Disclosures

- i. Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- ii. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- iii. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual report.

This has been adopted in the Board meeting held on 07.11.2015 and shall be updated & reviewed as and when required.

For and on Behalf of the Board  
BNK Capital Markets Limited

Sd/-

Ajit Khandelwal  
Managing Director