

BHATKAWA TEA INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

The Related Party Transaction policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company. The Policy is framed as per, Section 188 of the Companies Act, 2013 and the requirement of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 stipulate proper approval and reporting of transaction between the Company and its related parties. Such transactions are appropriate only if they are in best interest of the Company and its Shareholders. The Company is required to disclose each year in the Financial Statement certain transactions between the Company and Related Parties as well as its Policy concerning the materiality of such transaction and dealing with Related Parties.

DEFINITIONS

“Audit Committee or Committee” means a Committee of the Board of Directors of the Company constituted in terms of the Listing Regulations and the Companies Act;

“Board” means the Board of Directors of the Company;

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means a Key Managerial Personnel as defined under the Companies Act, 2013

“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 statement of the Company.

“Policy” means Related Party Transaction Policy.

“Related Party” means a related party as defined under the Companies Act, 2013 or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time

““Related Party Transaction” means any transaction directly or indirectly involving any Related Party that involves transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged;

“Relative” means Relative as defined under Section 2(77) of the Companies Act,2013 and Rules prescribed thereunder.

POLICY

IDENTIFICATION: -

- Responsibility of Directors and KMP's: Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.
- Time Line: The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction. Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in other associations.

REVIEW: -

- Audit Committee/Board will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- Audit Committee to be provided with all relevant information for review:
 - terms of the transaction,
 - business purpose of the transaction, and
 - any other relevant matters.

APPROVAL: -

- All Related Party Transactions shall require prior approval of Audit Committee.

➤ The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions: -

a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

b. The Audit Committee satisfies itself the need for such omnibus approval and that such approval is in the interest of the Company;

c. Such omnibus approval shall specify the following:

-Name(s) of the Related Party;

-Nature of the transaction;

-Period of transaction;

-Maximum amount of transaction that can be entered into;

-The indicative base price/current contracted price and the formula for variation in the price, if any, and;

-Such other conditions as the Audit Committee may deem fit.

d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1.00 crore per transaction;

e. The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;

f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Audit Committee will have the discretion to recommend/refer any matter relating to the Related Party Transaction to the Board for the approval.

MATERIAL RELATED PARTY TRANSACTIONS

All material Related Party Transaction, shall be placed for prior approval of shareholders through a Resolution. However, the Material Related Party

Transactions entered into between the Company and its wholly owned subsidiaries shall not require prior approval of the shareholders.

TRANSACTIONS NOT REQUIRING APPROVAL

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

- a. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, 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.
- c. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015
- d. Any other exception which is consistent with the Applicable laws, including any rules, or regulations made thereunder, and does not require prior approval by the Audit Committee

MAINTENANCE OF REGISTERS:

The Company shall keep and maintain a register, either physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which Section 188 of the Companies Act, 2013 applies. If Section 188(1) is not applicable because of the exception under the third proviso to Section 188(1) i.e. transaction with related party at arms' length basis and in the ordinary course of business, the requirement regarding entries in the Register under Section 189 of the Companies Act, 2013 would not apply and hence no entries in the register would be necessary.

DISCLOSURE

➤ Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.

- The Company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.
- The Company shall disclose this policy relating to related Party Transactions on its website with reference thereto in the Annual Report
- The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis to the stock exchanges and also publish the same on its website.

AMENDMENT

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Listing Regulations.