



BEDMUTHA INDUSTRIES LIMITED



POLICY ON RELATED PARTY TRANSACTIONS



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PREFACE:

The Board of Directors of the Company have framed “Policy on Materiality and Dealing with Related Party Transaction” (the “**Policy**”) pursuant to the provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (hereinafter referred as “**Listing Regulations**”).

Pursuant to Section 188 of the Companies Act, as amended from time to time and the rules framed thereunder (“**Companies Act**”) and Regulation 23 of the SEBI Listing Regulations, as amended (“**SEBI Listing Regulations**”), require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board

DEFINITIONS:

“**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.

“**Audit Committee**” means the audit committee of the Board of Directors of the Company.

“**Board**” means the Board of directors of the Company.

“**Company**” means Bedmutha Industries Limited.

“**Relative**” means a relative as defined under Section 2(77) of the Companies Act, 2013 and rules prescribed thereunder

“**Related Party**” “**Related Party**” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

[Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity;
or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:]



“Related Party Transaction” (“RPT”) means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the **following shall not be a related party transaction**:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity^s which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

(d) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors”

and includes transactions under the Companies Act or of the SEBI listing Regulations or any other related law, regulation, standard.

“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.

“Materiality”: The materiality of any RPT will be ascertained as per the thresholds prescribed in **Annexure A** of this Policy.

“Material Related Party Transaction” means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds Rupees One Thousand Crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company”



“Net Worth” means net worth as defined in sub-section (57) of section 2 of the Companies Act, 2013.

“Ordinary Course of Business” with reference to a transaction with a related party means a transaction which is:

- I. carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;
- II. historical practice with a pattern of frequency;
- III. common commercial practice; or
- IV. meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.

DISCLOSURE BY DIRECTORS

Every director shall at the time of Induction into the Board and thereafter shall at the beginning of every financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of relatives which are regarded as Related Party as per this Policy.

The Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy

POLICY:

1. Pursuant to provisions of Section 177(4) of the Companies Act, 2013, prior approval of Audit Committee shall be obtained for all RPTs as specified in Section 188 of the Companies Act, 2013. Further, in accordance with Listing Regulations, prior approval of the Audit Committee shall be obtained for all RPTs other than those with Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).
2. Notice of any potential RPT shall be given in advance to the Company Secretary so that the Company Secretary has adequate time to place the matter for approval of the Audit Committee.
3. The Audit Committee may grant **omnibus approval** for RPTs proposed to be entered into by the Company or its subsidiary subject to the following conditions, namely-
 - a) the Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RPTs of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - b) the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company;



- c) the omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 RPT 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.

- d) the 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 approvals given.
- e) 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:
 - (a) 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;
 - (b) the transaction is not material in terms of the provisions of of this regulation
 - (c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
 - (d) the details of ratification shall be disclosed along with the disclosures of related party Transactions.
 - (e) 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 listed entity against any loss incurred by it.”

- 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 provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

- 4. 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. Further, the said transactions shall be noted by the Board.



5. APPROVAL OF RELATED PARTY TRANSACTIONS

a Audit Committee

Related party transactions along with subsequent material modifications will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction by not being present at the meeting.

All the transactions which are identified as Related Party Transactions along with material modifications should be pre-approved by the Audit Committee before entering into such transaction. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions

A related party transaction to which the subsidiary of the Company is a party but the listed entity 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 ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.³

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 ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.⁴

³. With effective from 1st April 2022

⁴. With effect from 1st April 2023,

Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party.

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

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:

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~~⁺ and such approval shall be applicable in respect of transactions which are repetitive in nature.



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

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.

Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary⁺⁺ pursuant to each of the omnibus approval given.

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:

- (a) 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;
- (b) the transaction is not material in terms of the provisions of of this regulation
- (c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (d) the details of ratification shall be disclosed along with the disclosures of related party Transactions.
- (e) 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 listed entity against any loss incurred by it.”

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 provisions of this clause shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

Information to be reviewed by the Audit Committee for approval of RPTs:



The Company shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- 1) Type, material terms and particulars of the proposed transaction;
- 2) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- 3) Tenure of the proposed transaction (particular tenure shall be specified);
- 4) Value of the proposed transaction;
- 5) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- 6) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - a) details of the source of funds in connection with the proposed transaction;
 - b) where any financial indebtedness is incurred to make or give loans, inter corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - c) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - d) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- 7) Justification as to why the RPT is in the interest of the listed entity;
- 8) A copy of the valuation or other external party report, if any such report has been relied upon;
- 9) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- 10) Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant;
- 11) Any other information that may be relevant.



6. BOARD OF DIRECTORS

In case of Related Party Transaction which is not in the ordinary course of business or not at arm's length transaction, whether or not it is a material Related Party Transaction, prior approval of the Board through a resolution passed at the meeting of the Board shall be necessary.

Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

7. SHAREHOLDER APPROVAL

All material related party transactions shall be carried out as per provisions of the Act.

If a related-party-transactions is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

All material related party shall require prior approval of the shareholders through resolution and no related party shall vote such resolutions whether the entity is a related party to the particular transaction or not.

However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- 1) A summary of the information provided by the management of the listed entity to the audit committee as specified in point 6.1.8 above; information reviewed by the audit committee
- 2) Justification for why the proposed transaction is in the interest of the listed entity;
- 3) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 6.1.8(6) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- 4) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- 5) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- 6) Any other information that may be relevant.



8. PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS

A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.

Basis the above mentioned list of related parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.

The contract/arrangement shall not be entered in to without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.

All Related Party contracts/arrangements shall require approval of the Audit committee of the Board of Directors or the shareholders of the company as the case may be, as required under and subject to the Act and the Listing Regulations.

All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under Section 92B of the Income Tax Act, 1961 including certification from independent accountants, if any, under the Transfer Pricing Regulations.

9. REPORTING OF RELATED PARTY TRANSACTIONS

- a Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- b The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- c 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 of the Company.
- d The Company shall submit/disclose to the stock exchanges on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023, disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website.
- e The Company shall disclose details of Related Party transactions every six months within 15 days from the date of publication of its standalone and consolidated financial results.



10. AMENDMENTS

The Board may amend or modify this Policy in whole or in part, from time to time.

In case of any conflict between the provisions or the word used in this Policy and of Statutory Provisions, the Statutory Provisions as prescribed in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation / law applicable to the Company, shall prevail over this Policy. Any subsequent amendment/ modification in the Statutory Provisions shall automatically apply to this Policy and the Company Secretary of the Company is authorised to make necessary changes in accordance with the change in statutory provisions applicable to the Company.

Further, in case of any difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an external expert as it deems fit.

Note :

1. The Original Policy on the above topic was approved by the Board of Directors in their Meeting held on March 29, 2019.
2. The above Policy was revised and approved by the Board of Directors in their Meeting held on May 26, 2022 and February 12, 2025.



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