



RELATED PARTY TRANSACTION POLICY

1. Preface

It is the policy of the Board of Directors (the “Board”) of Bhagwati Autocast Limited. (the “Company”) that all Related Party Transactions, as that term is defined below, including material modifications to Related Party Transactions, shall be subject to approval or ratification in accordance with the procedures set forth below and subject to prior compliance by the Company with the requirements with respect to related party transactions of the listing rules of any exchange on which the Company’s securities are listed and in accordance with provisions of the Companies Act, 2013.

Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges has been amended which is effective from October, 2014, inter alia, provides for a mandatory requirement for all listed companies to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

Accordingly, this Related Party Transaction Policy (“the Policy”) has been formulated with a view to comply with provisions of the Companies Act, 2013 and Listing Agreement.

2. Purpose:

A conflict of interest arises when an individual’s personal interests, or those of a related party (defined below), improperly interfere, or appear to interfere, with the interests of the Company. So, for prevention of such improper interfere, the Board of Directors on recommendation of audit committee formulated this policy.

3. Definitions

The definitions of some of the key terms used in this Policy are given below and terms not defined herein shall have the meaning assigned to them under the Companies Act, 2013 and Listing Agreement.

- a. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and read with Clause 49 of the Listing Agreement with the Stock Exchanges.
- b. **“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:
 - i. A person or a close member of that person’s family is related to a company if that person:
 - a. is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. has control or joint control or significant influence over the company; or
 - c. is a key management personnel of the company or of a parent of the company; or
 - ii. An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. 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
 - c. 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
 - d. Both entities are joint ventures of the same third party; or
 - e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - f. 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

- g. The entity is controlled or jointly controlled by a person identified in (i).
 - h. A person identified in (i)(b) has significant influence over the entity (or of a parent of the entity); or
- c. **“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.
- d. **“Material transaction”** means transaction/transactions with related party to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

4. Scope

This policy will be applicable to all or any of the related party transaction/s includes but not limited to the following:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii. underwriting the subscription of any securities or derivatives thereof, of the company:

5. Approval for Related Party Transaction/s

- i. All Related Party Transactions shall require prior approval of the Audit Committee.
- ii. All material Transactions with related party shall require prior approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.

6. Procedure for Approval

- i. The Chief Financial Officer or Managing Director of the company shall inform to the Chairman of Audit Committee and Board meeting for transactions to be entered into with related party for placing same in agenda of the Audit Committee meeting and Board Meeting.
- ii. In this connection with while approving or ratifying a Related Party Transaction, the Audit Committee may, in its judgment, consider any or all of the following factors to the extent pertinent, or such other factors as the Audit Committee may deem appropriate under the circumstances:
 - the position within or relationship of the Related Party with the Company;
 - the materiality of the Related Party Transaction to the Related Party and to the Company, including the Rupees value involved;
 - the business purpose for and reasonableness of the Related Party Transaction (including the anticipated profit or loss, if known), taken in the context of the alternatives available to the Company for attaining the purposes of the Related Party Transaction;
 - whether the Related Party Transaction is comparable to a contract, transaction or arrangement that could be available on an arms-length basis or is on terms that the Company offers generally to, or obtains generally from, Persons who are not Related Parties;
 - whether the Related Party Transaction is in the ordinary course of the Company's business and is proposed and considered in the ordinary course of business;
 - the effect of the Related Party Transaction on the Company's financial condition, business and operations, including on the Company's internal control over financial reporting and system of disclosure controls or procedures, and any additional conditions or controls (including reporting and review requirements) that should be applied to such Related Party Transaction;

- whether the Related Party Transaction involves products or services to be provided by or to the Company to or from a Related Party, which products or services are unique or otherwise not readily available from alternative sources;
 - the overall business relationship of the applicable Related Party and the Company, including benefits realized, or anticipated, from other contracts, transactions or relationships.
- iii. After transaction with related party “Statement of significant related party transactions”, need to be submitted by Chief Financial Officer and/or Managing Director at every quarter for its review.

7. Violation:

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Audit Committee and Board or, as the case may be, approval by a Special Resolution in the general meeting and if not ratified by the Audit Committee and Board or, as the case may be approval by Shareholder at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

8. Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.