

# Baghmari Tea Company Limited

CIN : L01132WB1918PLG002913

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## RELATED PARTY TRANSACTION POLICY

[Pursuant to the Companies Act, 2013 and Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### 1. Objectives

The Board of Directors (the "Board") of Baghmari Tea Company Limited (the "Company" or "BTCL"), has adopted Related Party Transactions Policy, hereinafter referred to as "this Policy" to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval. This Policy also aims to comply with the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

### 2. Definitions

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

ii. "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.

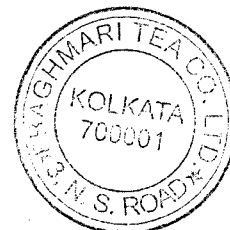
iii. "Board" means Board of Directors of the Company.

iv. "Control" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Companies Act, 2013.

v. "Key Managerial Personnel" (K.M.P) means key managerial personnel as defined under Section 2 (51) the Companies Act, 2013.

vi. "Material Related Party Transaction" means a transaction with a related party, wherein if the value of 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.

However, 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 into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.



vii. "Policy" means Related Party Transaction Policy.

viii. "Related Party" means a person or an entity if:

(a) such person/ entity is a related party under Section 2(76) of the Companies Act, 2013; or

(b) such person/entity is a related party under the applicable accounting standards."

Further any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

ix. "Related Party Transaction" means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and includes transactions as mentioned in Section 188 (1) . A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

x. "Relative" means relative as defined under Section 2 (77) of Companies Act, 2013.

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

### 3. Related party transactions under the policy

3.1 Any transfer of resources, services or obligations between the company and a related party, would get covered as a 'Related Party Transaction'(RPT), whether or not, there is an element of consideration or price.

#### 3.2 Prohibited Related party transactions.

Any transaction with a Related Party can be undertaken only if it is in compliance with the law.

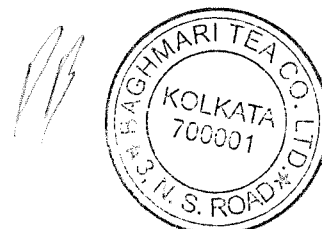
#### 3.3 Approval Process

##### A. Approval of Audit Committee

The Company will enter into any Related Party Transactions only with the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for the proposed Related Party Transaction 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.

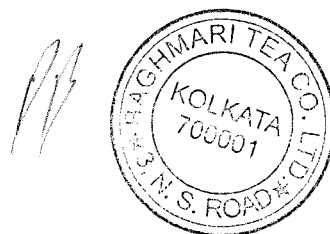
#### **B. Approval of Board of Directors and Shareholders**

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval. All the Related Party Transactions shall be approved by the Board of Directors of the Company, except

- (i) transactions entered into by the company are in its ordinary course of business; and
- (ii) transactions are at an arm's length basis.

In the case of Material Related Party Transaction, the approval of the shareholders by way of special resolution is also required irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm length or both and the Related Party shall abstain from voting on such resolutions.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary' course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder together with the SEBI Listing Regulations and obtain requisite approvals as applicable.



## THRESHOLD LIMITS FOR DEALING WITH RELATED PARTY TRANSACTIONS

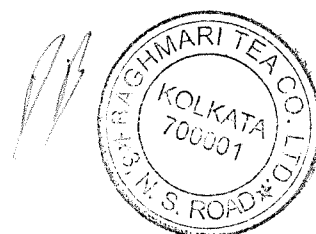
| Sl. No. | Nature of transaction with a related party   | Threshold limit till which related party transaction can be carried out with Board approval | Threshold limit till which related party transaction can be carried out with shareholders approval (*) |
|---------|--|---|--|
| a       | Sale, purchase or supply of any goods or materials, directly or through appointment of agent                             | Upto 10% of the turnover or Rs. 100.00 crores, whichever is lower                           | No upper limit   |
| b       | Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent             | Upto 10% of net worth or Rs.100 cores, whichever is lower                                   | No upper limit   |
| c       | Leasing of property of any kind  | Upto 10% of the turnover or 10% of net worth or Rs. 100 crores, whichever is lower          | No upper limit   |
| d       | Availing or rendering of any services  | Upto 10% of the turnover or Rs.50 cores, whichever is lower                                 | No upper limit   |
| e       | Appointment of any agent for purchase or sale of goods, materials, services or property                                  | Upto 10% of the turnover or Rs.50 cores, whichever is lower                                 | No upper limit   |
| f       | Related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company | Monthly remuneration upto Rs.2.50 lakhs   | No upper limit   |
| g       | Underwriting the subscription of any securities or derivatives thereof of the Company                                    | Upto 1% of the net worth  | No upper limit   |
| h       | Payment towards brand usage or royalty   | Upto 2% of Annual consolidated Turnover   | No upper limit   |

(\*) Shareholders reserve the right to specify maximum permissible limit upto which transaction with a respective related party may be carried out in a financial year, in the event whereof such permissible limit will be reckoned as threshold limit for the purpose of this policy.

### NOTE:

1. Threshold limit shall be determined by the Board of Directors from time to time of necessary statutory formalities.

2. 'Networth' or 'Consolidated Turnover' or 'Turnover', wherever specified shall refer to respective figures as per last audited financial statement.



#### **4. Disclosure by Directors/ KMPs**

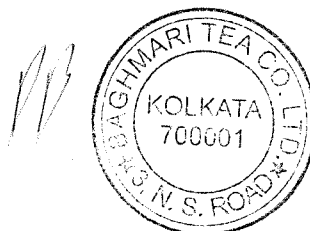
- Each director and Key Managerial Personnel is required to give notice of disclosure of interest under Sections 184 and 189 of the Companies Act 2013, along with list of relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP without requisite approvals.
- Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.
- The Company shall maintain Register in the prescribed form.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report.
- Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance., as required under SEBI Listing Regulations.

#### **5. Guiding Principles for approval of a Related Party Transaction by the Board/ Audit Committee thereof**

All Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and



- Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

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

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.

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.

#### **6. Related Party Transactions not approved under this Policy**

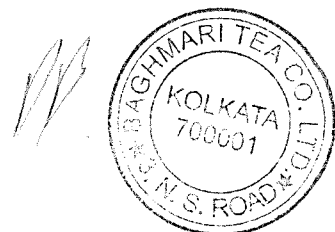
In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the 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.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

#### **7. Consequences of non-compliance of such policy for any Related party transaction**

Non-compliance of this Policy may lead to initiation of disciplinary proceedings against the defaulter.



The above would be over and above the prescribed penal consequences under Companies Act, SEBI Listing Regulations, Securities Contract Regulation Act, 1956.

#### **8. Policy interpretation and review**

In case of any subsequent changes in the provisions of the Companies Act, 2013, SEBI Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

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Note: 1. The Related Transaction policy was adopted by the Board of Directors of Baghmari Tea Company Limited as on 15th May, 2014.

2. The existing Related Transaction policy has been suitably modified in line with the requirements of Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) by the Board of Directors in their meeting held on 30th March, 2019.

