

BEARDELL LIMITED
CIN: L65991TN1936PLC001428
RELATED PARTY TRANSACTIONS POLICY

INTRODUCTION:

This policy is formed and adopted by the Board of Directors (the “Board”) of Beardsell Limited (the “Company”) as a part of Corporate Governance Framework as per requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and Section 188 of the Companies Act, 2013 (“the Act”) and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

TERMS AND REFERENCES:

“**Associate Company**” means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause “significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.

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

“**Material Related Party Transaction**” in terms of SEBI LODR means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

- (i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- (ii) In case of any other transaction(s), if the amount exceeds Rs.1,000 crores or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

“**Material Modification**” in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

“**Related Party**” means related party as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder or under the applicable accounting standards:

The following shall also be treated as the Related Party –

- a. all persons or entities forming part of promoter or promoter group irrespective of their shareholding;
- b. any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
 - i. to the extent of 20 % or more
 - ii. to the extent of 10% or more w.e.f. April 1, 2023.

“Related Party Transaction or transaction (“RPT)” means transaction involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged.

Explanation – A “transaction” with a Related Party shall be construed to include single or a group of transactions in a contract.

The RPT shall include transactions between -

- a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand;
- b. the Company 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 Company or any of its subsidiaries w.e.f. April 1, 2023.

“Transaction on arm’s length basis” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of ‘Arm’s Length Basis’, guidance may be taken from the provisions of Transfer Pricing under the Income Tax Act, 1961.

“Transactions in the Ordinary Course of Business” means activities that are necessary, normal, and incidental to the business.

Any other term used in the policy but not defined hereunder will carry the meaning as stated under SEBI LODR read with the Companies Act, 2013 and Rules made thereunder.

Any subsequent amendment / modification in the SEBI LODR or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy

POLICY:

All Related Party Transactions shall be in compliance with the provisions of the Companies Act, 2013, SEBI LODR and applicable Accounting Standards, as amended from time to time, and be dealt with in accordance with this Policy.

1. Identification of Potential Related Party Transactions

- (a) Every Director and Key Managerial Personnel shall make an annual declaration to the Company in the beginning of every financial year about related party entities and relatives and also information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.
- (b) The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / Key Managerial Personnel as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Companies Act, 2013 and the rules thereunder and SEBI LODR as amended from time to time.

2. Review and Approval of Related Party Transactions

Audit Committee:

- (a) Every Related Party Transaction and subsequent Material Modifications shall be subject to the prior approval of the Audit Committee.

Prior approval of the Audit committee shall also be required for:

- i. RPTs where Company's subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company;
 - ii. with effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, 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 such subsidiary.
- (b) Related Party Transactions will be referred to regularly scheduled meeting of Audit Committee for review and approval. Members of the audit committee, who are independent directors, shall only approve related party transactions. Any member of the Committee who has a potential interest in any Related Party Transaction shall abstain from the meeting during discussions and voting on the approval of the Related Party Transaction.
- (c) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of the conditions contained in the Companies Act, 2013 and SEBI LODR as amended from time to time. The Committee shall also satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- 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. If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.
- (d) The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- (e) To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, as prescribed under the Companies Act, 2013 and/or the SEBI SEBI LODR, from time to time, to the extent relevant, with respect to actual or potential Related Party Transactions,
- (f) The Audit Committee shall have the following powers with respect to Related Party Transactions:
- (i) To seek information from any employee
 - (ii) To obtain outside legal or other professional advice
 - (iii) To secure attendance of outsiders with relevant expertise, if it considers necessary
 - (iv) To investigate any Related Party Transaction

Board:

All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Further, if the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter, then the Board shall consider and approve the Related Party Transaction and the principles set forth above for Audit Committee shall apply to the Board's review and approval of the matter, with such modifications as may be necessary or appropriate under the circumstances.

Shareholders:

All Material Related Party Transactions and any subsequent material modification as defined earlier shall require prior approval of the shareholders through ordinary resolution. However, prior approval of shareholders of the Company shall not be required for such cases as may be prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended or as notified by any regulatory authority.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis and are exceeding threshold limits prescribed in the Act as per Annexure 1 shall also require prior approval of the Shareholders.

The information as prescribed under the Companies Act, 2013 and/or the SEBI LODR, from time to time shall be provided in the Notice to the shareholders for consideration of RPTs

Related Party/ies shall not vote to approve such resolution, irrespective of whether they are party to the particular transaction or not.

3. Transactions which do not require approval

a) The provisions pertaining to -

- Prior approval of the Audit Committee for all RPTs;
- Omnibus approval for RPTs; and
- Prior approval of shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

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, including following

i. 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;

ii. the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding, shall be out of the purview of Related Party Transaction:

- payment of dividend;
- subdivision or consolidation of securities;

- issuance of securities by way of a rights issue or a bonus issue; and
- buy-back of securities;

4. 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.

DISCLOSURES

- o Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- o Material RPTs shall be provided in the notice to shareholders.
- o Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- o The Company shall submit enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:
 - i. within 15 days from the date of publication of financials;
 - ii. simultaneously with the financials w.e.f. April 1, 2023;and also publish the same on its website.
- o The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report

REVIEW:

This Policy will be reviewed as and when required but at least once in three years.

ANNEXURE 1

Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows :

All contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188, with criteria as mentioned below –

- Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- Leasing of property any kind amounting to ten per cent or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.