

BEARDSSELL 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.

The objective of this Policy is to set out (a) the basis of identifying related parties of the Company as well as related party transactions, (b) the materiality thresholds for related party transactions and (c) the manner of entering into transactions between the Company and its related parties based on the Act read with the SEBI LODR and any other laws and regulations as may be applicable to the Company.

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.

“Industry Standards” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.

“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" have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI LODR, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:

- a. the Company or any of its subsidiaries on one hand and a related party of 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 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, including 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. appointment to any office or place of profit in the Company, its subsidiary or associate company
- vii. underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered Related Party Transaction of the Company in terms of SEBI LODR:

- 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) corporate actions which are uniformly applicable/ offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities.
- c) retail purchases from the Company or any of its subsidiaries by its directors or employees, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

"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 and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;

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

PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

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. The Company shall also identify whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.
- (c) Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Audit Committee seeking approval:
 - Material Related Party Transactions
 - Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
 - Residual Related Party Transactions

2. Materiality Threshold

Regulation 23 of the SEBI LODR requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction ("RPT") exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions.

The Company has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI LODR:

- Payment to a Related Party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party – lower of Rs. 1,000 crore or 10% of the consolidated annual turnover of the Company as per its last audited consolidated financial statements

3. 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, RPTs where subsidiary is a party but the Company is not a party and 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) Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- (d) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its Subsidiary 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.

Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

- i. Transactions which are not at arm's length or not in the ordinary course of business;
 - ii. Transactions which are not repetitive in nature;
 - iii. Transactions exceeding materiality thresholds as laid down in the Policy
 - iv. Transactions in respect of selling or disposing of the undertaking of the company
 - v. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
 - vi. Any other transaction as the Audit Committee may deem not fit for omnibus approval
- (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 LODR, from time to time, to the extent relevant, with respect to actual or potential Related Party Transactions,

- (f) The Audit Committee, at the time of approval of RPTs, shall take into consideration the certificate to be placed before it by the Chief Executive Officer or Chief Financial Officer or any other KMP and every Promoter Director of the Company, confirming that the RPT(s) to be entered into are not prejudicial to the interest of public shareholders of the Company and the terms and conditions of the proposed RPT(s) are not unfavourable to the Company, compared to terms and conditions, had similar transaction(s) been entered into with an unrelated party. This certificate shall be placed before the Committee in terms of the Industry Standards.

However, if any promoter director does not provide such certificate, the same shall be informed to the Audit Committee and the shareholders, if it is a material RPT.

- (g) 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:

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, shall be placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties shall also be placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are, as per the Policy, determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) Transactions in respect of which 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;
- c) Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

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 as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, listed out under 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.

4. 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;

c) Further, remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23 of the LODR.

5. Related Party Transactions not approved under this Policy

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the LODR.

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.

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

DISCLOSURES

- The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI LODR, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.
- The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI LODR, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
- The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.

REVIEW:

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

This version 2025 was approved at the Board Meeting on 22-05-2025

The previous version was approved at the Board Meeting on 27-05-2022

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 –

- i) 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;
- ii) 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;
- iii) 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;
- iv) 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;
- v) for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188
- vi) for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188