

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

Related party transactions can present a potential or actual conflict of interest which may be against the best interests of the company and its shareholders. The Board of Directors of the Company (the "Board") has, in accordance with Companies Act (the "Act") read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") has adopted this policy on materiality of related party transactions and on dealing with related party transactions (the "Policy"). Any future changes in the SEBI Listing Regulations or the Act will, ipso facto, apply to this Policy. This Policy shall be reviewed by the Board at least once every three years and updated accordingly.

The Board at its meeting held and has approved and adopted the Policy. The Policy shall become effective from December 14, 2021.

This Policy is intended to regulate transactions between the Company and its Related Parties, based on the applicable laws, rules and regulations applicable to the Company.

2. PURPOSES

The purpose of the Policy is to set out:

- a. the materiality thresholds for related party transactions and;
- b. the manner of dealing with the transactions between the Company and its related parties based on the Act, the rules made thereunder, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company. Such transactions shall be deemed appropriate only if they are in the best interest of the Company and its stakeholders. The Company is committed to transparency and fairness in dealing with all Related Parties and in ensuring adherence to all applicable laws and regulations.

3. DEFINITIONS

"**Act**" means the Companies Act, 2013.

"**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.

"**Associate Company**" in relation to another company, means a company in which that other 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, –

- a. the expression "significant influence" means control of at least 20% of total voting power, or control of, or participation in business decisions under an agreement;
- b. the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

"Audit Committee or Committee" shall mean the committee of Board of Directors of the Company constituted under provisions of the SEBI Listing Regulations and Companies Act, 2013 and the rules made thereunder.

"Company" means Bharat FIH Limited.

"Policy" means the Related Party Transactions Policy. All Related Party Transactions must be referred for approval by the Committee in accordance with this Policy and reported to the Audit Committee at appropriate intervals.

"Related Party" means Related Party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(z) of SEBI Listing Regulations and/ or under the applicable accounting standards, as amended from time to time.

"Relative" A person shall be deemed to be relative of another if he or she is related to another in any one of the following manners:

- They are members of a Hindu undivided family
- They are husband and wife
- One person is related to the other in such manner as may be prescribed

Rule 4 of Companies (Specification of definitions details) Rules, 2014 stipulates that the following persons who shall be deemed to be the relative of another, if he or she is related to another in the following manner;

1. Father (including step - father)
2. Mother (including step - mother)
3. Son (including step - son)
4. Son's wife
5. Daughter
6. Daughter's husband
7. Brother (including step - brother)
8. Sister (including step - sister)

"Key Managerial Personnel (KMP)" means officers or personnel of the issuer who are members of its core management team (excluding board of directors) and includes members of the management one level below the executive directors of the issuer, functional heads and 'key managerial personnel' as defined under the Act or any other person whom the Company may declare as a key managerial personnel

"Related Party Transaction" means any transaction involving transfer of resources, services or obligations between a company and a Related Party, 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;

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;

- f. appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company:

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act, the rules made thereunder, the SEBI Listing Regulations and any other applicable law, as amended from time to time.

4. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires the Company to provide clear thresholds limits duly approved by the Board. In terms of Section 188(1) of the Act, transactions which exceed these threshold limits will require prior approval of the shareholders through an ordinary resolution. Further, no Related Party shall vote to approve such resolution, whether the entity is a Related Party in the particular transaction or not.

The Board has fixed its materiality threshold in accordance with Regulation 23(1) and 23(1A) of the SEBI Listing Regulations as under:

- Transactions 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 shall be as per limits specified under Regulation 23(1A) of the SEBI Listing Regulations, as amended from time to time.
- In case of all other Related Party Transactions, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds one thousand crores or ten percent (10%) of the annual consolidated turnover of the Company as per last audited financial statements of the Company, whichever is lower.

5. FRAMEWORK FOR DEALING- RELATED PARTY TRANSACTION

IDENTIFICATION OF THE RELATED PARTY TRANSACTIONS:

Each Director and Key Managerial Personnel is responsible for disclosing (and periodically updating) particulars of his/her relatives and his/her interests in all the entity/ies, either as Director and/or Member and/or Partner etc.

In addition to this the Director and Key Managerial Personnel shall also from time to time provide notice to the Board of any proposed Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

All Related Party Transactions shall be brought to the notice of Audit Committee of the Company. Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee through Company Secretary.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary (or such other person who may be entrusted for this purpose by the Audit Committee) has adequate time to obtain and review information about the proposed transaction and initiating the process to obtain the necessary approvals of the Audit Committee/Board/ Shareholder.

6. PROCEDURE FOR APPROVAL

6.1 APPROVAL FROM AUDIT COMMITTEE

All related party transactions and subsequent material modifications require prior approval of the Audit Committee. Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

The Audit Committee of the Company shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions.

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 consolidated turnover, as per the last audited financial statements of the Company.

With effect from April 1, 2023, 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.

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, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.

- Further, in case of transaction, other than transactions referred to in Section 188 of the Act, and where Audit Committee does not approve the transactions, it shall make its recommendations to the Board.

The Company may obtain omnibus approval from the Audit Committee for the proposed Related Party Transaction such transactions, subject to compliances with the following conditions:

- 1 The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
- 2 The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, that shall be entered into (i) 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 Transactions 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 once crore per transaction.

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

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

All the criteria that needs to be taken into account before granting omnibus approval shall be in consonance with the provisions of the Act and SEBI listing Regulations.

6.2 APPROVAL OF BOARD OF DIRECTORS OF THE COMPANY

As per the provisions of Section 188 of the Act, any transaction which is not in the ordinary course of business or not at arm's length basis, are to be placed before the Board for its approval.

Where any director of the Company 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.

6.3 APPROVAL OF SHAREHOLDERS OF THE COMPANY

All the transactions with related parties which exceed the materiality thresholds and subsequent modifications as defined by the Audit Committee, laid down in this Policy, shall be placed before the shareholders for approval.

Provided that prior approval of the shareholders 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, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided that the approval of shareholders shall not be required in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within 1 day of the resolution plan being approved.

All transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for approval. No shareholder of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such shareholder is a related party.

Pursuant to Regulation 23(5)(b) of the SEBI Listing Regulations and Section 188(1) of the Act. the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

7. DISCLOSURE

Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement with the Related Parties along with the justification for entering into such contracts/arrangements, as part of the Directors' Report. This Policy will also be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report.

The Company will also disclose the details of all material Related Party Transactions on a quarterly basis in the compliance report on corporate governance filed with the stock exchanges in accordance with the provisions of Regulation 27 of the SEBI Listing Regulation.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website.

Provided further that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results. Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

8. AMENDMENTS

The Board on its own and / or as per the recommendations of the Audit Committee may also make any amendments to the Policy from time to time replace the Policy entirely with a new policy.

Further, the Board will review this Policy from time to time as prescribed under the Act or the SEBI Listing Regulations.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

9. LIMITATIONS

In the event of any conflict between the provisions of this Policy and the provisions SEBI Listing Regulations or the Act or any other statutory enactments, rules, the provisions of the SEBI Listing Regulations or the Act or statutory enactments, rules shall prevail over this Policy.

10. DISSEMINATION OF POLICY

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.