

BALLY JUTE COMPANY LIMITED

CIN- L51909WB1982PLC035245

(An ISO 9001: 2015, 14001:2004 & 18001:2015 Company)

POLICY ON RELATED PARTY TRANSACTION

1. PREFACE-

In the world of corporate governance, Related Party Transactions play a significant role in ensuring transparency and fairness. The recent developments have made in Corporate Governance norms through Companies Act, 2013 as amended (“Companies Act”) and regulation 23 of SEBI (Listing Obligations and Disclosure Requirement) Regulation 2015 require the companies for enhanced Transparency in related party dealings. Also regulation 23(1) has mandate that the listed entities shall formulate a policy on Materiality of Related Party Transactions and on dealing with the Related Party Transactions.

Accordingly, Bally Jute Company Limited has formulate this policy .This policy regulate all the transaction between the company and its Related Parties.

2. DEFINITIONS-

i. Related Party:

a. As per Section 2 sub-section (76) of the Companies Act,2013, with reference to a company, means –

(i) a director or his relative;

(ii) a key managerial personnel or his relative;

(iii) a firm, in which director, manager or his relative is a partner;

(iv) a private company in which a director, manager or his relative is a member or director;

(v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent (2%) of its paid-up share capital;

(vi) any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;

(vii) any person on whose advice or directions or instructions a director or manager is accustomed to act; Provided that nothing in sub-clauses(vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any body corporate which is –

- a holding, subsidiary or an associate company of such company ;
- a subsidiary of a holding company to which it is also a subsidiary ; or
- an investing company or the venture of the company.

(ix) such other person as may be prescribed.

- b. As per Regulation 2(1) (zb) “**related party**” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, **with effect from April 1, 2023;**

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year, shall be **deemed to be a related party**.

ii. Related Party Transactions:

a. Under Companies Act, 2013 –

If a company entering into any contract or arrangement with the related party with respect to :

(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 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.

Provided that sec-188 of companies Act, 2013 prohibits the company from entering into any Related Party Transaction but may enter into such transaction/s after taking approval from the Board which is in Ordinary course of business AND on an Arm's Length Basis.

b. Under SEBI (LODR) Regulation -

As per Regulation 2(1)(zc), **related party transaction** means a transaction involving a transfer of resources, services or obligations **between:**

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on other hand ; OR
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the Purpose and the purpose and effect of which is to benefit a related party of the listed entity or any of its Subsidiaries, with the effect from 1st April, 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:

Following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all Shareholders in proportion of their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) the acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders /public subject to disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the SEBI.

However, this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s).

iii. Material Related Party Transaction:

A transaction with A related party shall be considered material, if the transaction(s) to be entered into individually or taken together with the previous transactions during a financial year exceeds Rs.1000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, **with effect from july 01, 2019** 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 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

iv. Arms 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.

v. Ordinary Course of Business:

Transactions which are entered into in the normal course of the business pursuant to or for promoting or in furtherance of the company's business objectives, as per the charter documents of the company.

vi. Omnibus Approval:

means a consolidated/standing approval given by the Committee in respect of transaction(s) which are repetitive in nature.

3. IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS

- Company shall identify the related parties as per the definition given in sec 2(76) of the companies act 2013 and as per sec 2(1)(zb) of SEBI (LODR) regulations.

- As a policy, **Bally Jute Company Limited** will identify the Related Party Transaction as per the applicable laws which require consent of Audit Committee, Board of Directors/ Shareholders, as the case may be. Currently our company has identified its RPTs in accordance with the transactions specified in sec 188 of the companies act 2013 and as per SEBI (LODR) regulations 2(1)(zc) and 23.

4. APPROVAL OF RELATED PARTY TRANSACTION(S)

A. AUDIT COMMITTEE (AC) APPROVAL :-

According to Regulation no.23(2) of SEBI (LODR) regulation 2015, has mandate that All related party transactions **and** subsequent material modifications shall require prior approval of the audit committee of the listed entity in the manner specified under the listing regulation. The committee shall consider all the relevant factors while taking the decision about related party transactions for its approval.

“Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.”

With effect from April 1, 2023 a RPT to which the subsidiary of a listed entity is a party but the listed is NOT shall require the prior approval of AC of the listed entity if the value of such transaction whether entered individually or taken together with previous transactions during a financial year, exceeds 10% of annual STANDALONE turnover, as per the last audited financial statements of the subsidiary.

A1. OMNIBUS APPROVAL:

- An AC may grant omnibus approval for Related Party Transactions which are repetitive in nature , proposed to be entered into by the listed entity subject to such conditions as specified in Regulation 23(3) of the Listing Regulations and such other conditions as may considered necessary in the line with this policy and in the interest of the company.

A2. VALIDITY OF OMNIBUS APPROVAL

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. SHAREHOLDERS APPROVAL :-

Shareholders approval require in following TWO situations are as follows:

B1. All related party transactions which are MATERIAL in nature and subsequent material modifications as defined under regulation 23(2) shall require prior approval of shareholders, OR

B2. Transactions specified under sec 188(1) if threshold limit is reached/or exceeded.

Provided that in above cases which require shareholders approval through resolution, no member of the company shall vote on such resolution, to approved any contract or arrangement which may be entered into by the company, if such members a related party.

ABOVE shall not apply to a company in which 90% or more members, in number, are relatives of promoters or are related parties.

C. APPROVAL OF AUDIT COMMITTEE, OMNIBUS APPROVAL AND SHAREHOLDERS NOT REQUIRED :

- Transactions entered into between TWO Government companies, OR
- Transactions between a Holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval , OR
- Transactions between two wholly- owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

D. BOARD APPROVAL

In case any related party transaction are referred by the company to the board for its approval due to its transaction being ;

- (i) Not in the ordinary course of business, OR
- (ii) Not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will abstain from voting on the approval of the Related Party Transaction.

***NOTE*-** The approval of the Board of Directors cannot be obtained by way of passing of resolution by circulation. The law specifically requires that resolution can be passed in a duly convened meeting of the Board of Directors and only thereafter contract or arrangement can be entered into.

5. REVIEW & MONITOR-

- According to SEBI regulation 23(1), listed entity who formulate a policy on Materiality of related party transactions and which are duly approved by the Board of Directors such policy shall be reviewed by the BOD at least once in every 3 years and update accordingly.
- The audit committee shall review, **at least on a quarterly basis**, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

6. CONSEQUENCES OF ENTERING RPTs WITHOUT THE CONSENT OF BOARD or MEMBERS APPROVAL THE DIRETOR OR EMPLOYEE:

- Section 188(3) of the Act, provides that where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under Section 188(1) and if it is not ratified by the Board or, as the case may be, by the shareholders 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 or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
 - Section 188(4) of the Act, states that it shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it.
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- A person shall not be entitled to be appointed as a Director by virtue of Section 164(1) (g) of the Companies Act, 2013 upon such director being convicted of an offence dealing with related party transactions under Section 188 of the Act at any time during the last preceding five years.

7. DISCLOSURE :

I As per SEBI (LODR) Regulations – The listed entity shall submit to the stock exchanges disclosures on related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website, in following manner :

- UPTO 31ST MARCH, 2023- Company shall make such disclosures in every six months within fifteen days from the date of publication of its standalone and consolidated financial results.
- FROM 1ST APRIL, 2023 ONWARDS – such disclosures shall be made in every six months on the date of publication of its standalone and consolidated financial results.

II As per Companies Act, 2013 –

- Section 188(2) of the Act, provides that every material related party contracts or arrangements shall have to be disclosed in the Board's report and referred to shareholders along with the justification for entering into such type of transactions in the prescribed form i.e., **Form no. AOC-2**

III As per applicable Accounting Standards

- **AS 18** - Prescribe the requirements for disclosure of related party relationships and transactions between the reporting enterprise and its related parties.
- **IND AS 24** – Every listed entity or other class of the companies as prescribed, shall disclose their transaction(s) with related party in Financial Statement.

8. LIMITATION AND AMENDMENT:

In the event of any conflict between the provisions of this policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provision of such act or Listing Regulations or Statutory enactments and rules shall prevail over this policy.

Any subsequent amendment(s)/ modification(s) in the listing regulation, act and /or applicable laws in this regard shall automatically apply to this policy.
