



BHARAT TEXTILES & PROOFING INDUSTRIES LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

INTRODUCTION

BHARAT TEXTILES & PROOFING INDUSTRIES LIMITED (the “Company”) recognizes that related party transactions may have the inherent element of potential or actual conflict of interest and may raise questions about whether such transactions are commensurate with the Company's and its stakeholders' best interests.

PURPOSE & SCOPE OF THIS POLICY

- i. **BHARAT TEXTILES & PROOFING INDUSTRIES LIMITED** is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.
- ii. Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“**Policy**”). This Policy regulates all transactions between the Company and its Related Parties (as defined below).
- iii. The Audit Committee will review the Policy periodically and may amend the same from time to time and propose the same to the Board for approval.
- iv. This policy sets definition of materiality of related party transactions and dealing with related party transactions.

MATERIALITY OF RELATED PARTY TRANSACTIONS

Contracts / arrangements with a related party shall be considered as “material related party transaction” if the said transaction falls within the parameters laid in Regulation 23 of the SEBI(LODR) Regulation, 2015 (the “Listing Regulation”) as in force on the date of entering into the contract / arrangement.

POLICY

- i. All related party contracts / arrangements shall be entered on arms' length basis.
- ii. In exceptional circumstances, where permitted by law, related party contracts / arrangements may deviate from the principle of arm's length, after requisite approvals from Audit Committee / Board / shareholders, as the case may be.
- iii. All related party contract / arrangements shall comply with the Companies Act, 2013, SEBI (LODR) Regulation, 2015 and Income Tax Act, 1961.
- iv. All related party contract / arrangements shall comply with Listing Regulation.
- v. All related party contract / arrangements shall comply with Accounting Standards.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

Approval of related party transactions

A. Audit Committee

- i. All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
- ii. Any member of the Committee who has a potential interest in any related party transaction will recuse himself and abstains from discussion and voting on the approval of the related party transaction. A related party transaction which is not in the ordinary course of business, or not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.
- iii. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/ conditions as mentioned under Regulation 23 and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- iv. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval.
- v. A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

B. Board of Directors

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being not in the ordinary course of business, or 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 recues himself and abstains from discussion and voting on the approval of the related party transaction.

C. Shareholders

If a related party transaction is a material transaction as per Regulation 23, or not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval. In such a case, any member of the Company who is a related party shall not vote on resolution passed for approving such related party transaction.

D. Reporting of related party transactions

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement

LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulation or any other statutory enactments, rules, the provisions of such Act or Listing Regulation or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulation, Act and/or applicable laws in this regard shall automatically apply to this Policy.

WAIVER / MODIFICATION

In connection with any review of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this policy. Further, the Audit Committee shall also be empowered to make any alterations / modifications etc., to the Policy, subject to applicable laws and regulations.