

Related Party Transactions Policy of Bharat Wire Ropes Limited

[Under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. Purpose of this policy:

- A. Bharat Wire Ropes Limited ("**Company**") 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.
- B. 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).
- C. 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.

2. Definitions:

"**Act**" shall mean the Companies Act, 2013 and includes any amendment thereof.

"**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 purposes of this clause- (a) the expression "significant influence" means control of at least twenty percent 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**" means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Securities Exchange Act, 1934, as may be applicable.

"**Company**" means Bharat Wire Ropes Limited.

"**Board**" shall mean Board of Directors of the Company.

"**Control**" as defined under the Act includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

"**Listing Regulations**" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“Related Party”

a. Under the Companies Act, 2013

“Related Party” means, with reference to a company;

- i) A director or his relative;
- ii) Key Managerial Personnel or his relative;
- iii) A firm, in which a director, manager or his relative is a partner;
- iv) A private company in which a director or manager or his relatives 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 2% of its paid-up share capital;
- vi) A 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, except when such advice is given in a professional capacity;
- vii) Any person on whose advice, directions or instructions a director manager is accustomed to act, except when such advice is given in a professional capacity;
- viii) anybody corporate which is –
 - (a) a holding, subsidiary or an associate company of such company;
 - (b) a subsidiary of a holding company to which it is also a subsidiary; or
 - (c) an investing company or the venturer of the company; Explanation. – For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
- ix) A director, other than an Independent Director, or Key Managerial Personnel of the Holding Company or his relative with reference to a company, shall be deemed to be a Related Party.

Here the term “Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if–

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. One person is related to another in the following manner, namely:
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son’s wife
 - (e) Daughter
 - (f) Daughter’s husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)

b. As per Listing Regulations

“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 part of the promoter or promoter group of the listed entity; or
- (b) any person or entity, holding equity shares of twenty percent or more 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.

c. As per Indian Accounting Standard (Ind AS) 24

A “Related Party” is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control of the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

“Related Party Transactions”

a. Under the Companies Act, 2013

Any contract or arrangement with respect to the following shall be considered as a Related Party Transactions (RPTs):

- 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's 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.

Notwithstanding the foregoing, the following shall not be deemed RPTs:

- i) Any transaction which is in the ordinary course of business and on an arms' length basis as determined in terms of this Policy.
- ii) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

b. As per Listing Regulations

A “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 the 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 effect of which is to benefit a related party of the Listed entity or any of its subsidiaries;

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:

Provided that the 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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. sub-division or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. Buy-back of securities.

“Material Modification in Related Party Transaction”

“Material modification in a related party transaction” means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.

“Material Related Party Transactions”

Following transactions with a Related Party shall be construed as Material Related Party Transactions:

Sr. No.	Transaction or contract or arrangements for	Limits
1.	Sale, purchases or supply of any goods or materials, directly or through appointment of agent.	Amounting to Rupees 1000 Crore or 10% of the turnover of the Company, whichever is lower.
2.	Leasing of property of any kind.	Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a Financial year.
3.	Availing or rendering of any services, directly or through appointment of agent.	
4.	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent.	Amounting to Rupees 1000 Crore or 10% of the net worth or 10% of the turnover of the Company, whichever is lower. Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
5.	Appointment of a Related Party to any office or place of profit in the Company, its Subsidiary Company or Associate Company.	Where monthly remuneration exceeds Rs. 2,50,000.
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company.	For amount exceeding 1% of Networth of the Company.
7.	A transaction involving payments made to a related party with respect to brand usage or royalty.	Amounting to Rupees 500 Crore or 5% of the annual consolidated turnover of the Company, whichever is lower. Explanation: The above limit is applicable for the transaction or transactions to be entered into either individually or taken

		together with the previous transaction during a financial year.
	Annual turnover and net worth referred above shall be computed as per audited financial statements for the preceding financial year.	

3. Review and 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 Independent Directors of 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 rescue himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) 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 Listing Regulations 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. The Independent Directors of Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.
- 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:

- i. In case any related party transactions are referred by the Company to the Board for its approval due to the 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 rescue himself and abstain from discussion and voting on the approval of the related party transaction..

C. Shareholders:

- i. If a related party transaction is (i) a material transaction as per Listing Regulations, 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 by a special resolution. 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.
- ii. 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.

4. Disclosures:

The Company is required to disclose this Policy on dealing with RPTs on its website and a web link thereto shall be provided in the Annual Report of the Company. The Annual Report of the Company shall also contain the disclosures on related parties as required under the Listing Regulations.

Details of all Material RPTs shall be disclosed quarterly along with the Company's Compliance Report on Corporate Governance, in accordance with the Listing Regulations as amended from time to time.

The Company shall submit to the stock exchanges disclosures of RPTs in the format as specified by the SEBI from time to time, every six months within fifteen days from the date of publication of its standalone and consolidated financial results, and publish the same on its website.

5. 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 provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
