



**BDH**  
INDUSTRIES LTD.

## RELATED PARTY TRANSACTION POLICY

### 1. PREAMBLE

The Board of Directors (the “Board”) of BDH Industries Limited (the “Company”) has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the Listing Agreement with the Stock Exchanges in India. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

### 2. PURPOSE

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable under the law/regulations, between the Company and any of its related parties in the best interest of the Company and its stakeholders. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

### 3. KEY DEFINITIONS

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under Section 177 of the Companies Act, 2013.

“**Arm 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.

“**Board of Directors**” or “**Board**” in relation to a Company means the collective body of the directors of the Company.

“**Key Managerial Personnel**” in relation to a Company means

- i. the Chief Executive Officer, or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the Whole-time Director;
- iv. Chief Financial Officer; and
- v. Such other officer as may be prescribed under the Companies Act, 2013.



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**“Related Party”**, 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 a director, manager or his relative is a partner;
- (iv) a private company in which a director or 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 of its paid-up share capital;
- (vi) anybody 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, 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 company which is:
  - (A) a holding, subsidiary or an associate company of such company; or
  - (B) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) such other person as may be prescribed; and
- (x) such entity is a related party under the applicable accounting standards.

**“Related party transaction”** means contract or arrangement with a related party with respect to the following and includes transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged:

- (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) such related party's 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.

**“Material related party transaction”** as per Regulation 23(1) of SEBI (Listing Obligations and Disclosure and Requirements) Regulations, 2015 is a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.



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“**Relative**” means a relative as defined under the Companies Act, 2013 and applicable accounting standards.

“**Policy**” means the policy for dealing with Related Party Transactions.

#### **4. POLICY ON RELATED PARTY TRANSACTIONS**

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

The Audit Committee periodically may review this Policy and may recommend amendments to this Policy to the Board from time to time as it deems appropriate.

##### **A) Identification of related party transactions**

Each director and Key Managerial Personnel is responsible for providing advance notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of interest; and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

##### **B) Procedure for Identification of related parties**

The Company Secretary or the Compliance Officer (as the case may be) shall at all times maintain a database of Company’s Related Parties, identified on the basis of the definition set forth in the Key Definition section above.

#### **5. APPROVAL OF RELATED PARTY TRANSACTIONS**

##### Prior approval of Audit Committee

All Related Party Transactions of the Company as prescribed under the Act shall require prior approval of Audit Committee, whether at a meeting or by resolution by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the conditions set forth in Regulation 23 of SEBI

(Listing Obligation and Disclosure Requirements) Regulations, 2015.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.



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### Prior approval of Board of Directors under Companies Act 2013

Related Party Transactions with the Related Parties, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors. In the above context, where any director 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.

### Shareholders' approval requirements

All Material Related Party Transactions shall require approval of the shareholders through resolution and the Related Parties shall abstain from voting on such resolution.

All Related Party Transactions in excess of the limits prescribed under the Section 188 of the Companies Act, 2013 and the Rules made there under, which are not in the ordinary course of business or not on Arm's Length basis shall also require prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

### **6. Exemptions:**

a. Subject to the applicable laws, approval of the audit committee would not be required for the Related Party Transactions entered into by the Company with its wholly owned subsidiaries, whose accounts are consolidated with the Company and place before the shareholders at the general meeting for approval.

b. Subject to the applicable laws, approval of the board would not be required for the Related Party Transactions which are in the ordinary course of Company's business and entered on Arm's Length basis.

### **7. Related Party Transactions not approved under this Policy**

In the event, the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy; the matter shall be reviewed by the Committee. 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

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.



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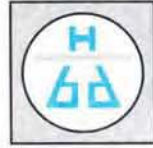


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#### **8. Disclosure and Reporting of Related Party Transactions:**

Disclosure of Related Party Transaction shall be made as per the listing agreement and Companies Act, 2013. Every Related Party Transaction / contracts or arrangements that are:-  
(i.) material or (ii.) not at arm's length basis and/ or ordinary course of business, shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction as per the requirement of the Companies Act, 2013.

#### **9. Amendments:**

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendation(s) of Audit Committee. The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.

#### **10. Scope / Limitation:**

In the event of any conflict between the provisions of this Policy and of the Listing Agreement / Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

#### **11. 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 intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.



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