

BHARAT SEATS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

I. INTRODUCTION

Bharat Seats Limited (“Company” or “BSL”) has adopted policy regarding Related Party Transactions in order to set forth the procedures for transactions with Related Parties. (as defined below)

Policy on Related party Transactions is formulated , based on Clause 49 (VII) of the Listing Agreement and Section 188 of the Companies Act, 2013 and subject to change as required by law from time to time.

II. DEFINITIONS

“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” means a company in which BSL has a significant influence but which is not a subsidiary company of BSL and includes a joint venture company of BSL.

“Audit Committee or Committee” means Audit Committee constituted by the Board of Directors of the Company under the provisions of the Listing Agreement (‘LA’) and the Companies Act, 2013, from time to time.

“Board of Directors” or “Board” means the Board of Directors of the Company, as constituted from time to time. “

“Independent Director” means an independent director referred to in Section 149(6) of the Companies Act, 2013, and clause 49 of the LA.

“Material Related Party Transaction” 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 per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Relative”, with reference to any person, means anyone who is related to another, if:

1. they are members of a Hindu Undivided Family;
2. they are husband and wife; or
3. if he or she is related to another in the following manner:
 - 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

“Related Party”, with reference to the Company, means—

- i. A director or his relative;
- ii. A key managerial person 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 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. 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, directions or instructions a director or manager is accustomed to act:

Provided that sub-clauses (vi) and (vii) will not be applicable where the advice, directions or instructions are given in a professional capacity;

- viii. any company which is an associate company of BSL
- ix. An entity which is related party under the applicable accounting standards.

“Related Party Transaction” means a transaction as envisaged as a related party transaction under the Companies Act, 2013 or under the Listing Agreement executed with the Stock Exchanges.

“Significant Influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.

“Subsidiary Company” or “Subsidiary” in relation to any other company (that is to say the holding Company), means a company in which the holding company –

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:

the expression “company” includes any body corporate.

III. POLICY

Pursuant to Clause 49(VII) of the Listing Agreement, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum

amount of transaction that can be entered into, (ii) 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;

- d. Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f. All material Related Party Transactions shall require approval of the shareholders through Special Resolution and all the related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.
- g. In the event such contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of Section 188 of the Companies Act, 2013 and the rules framed thereunder and obtain approval of the Board or its shareholders as applicable, for such contract or arrangement.