

RELATED PARTY TRANSACTION POLICY

[Pursuant to the Companies Act, 2013 and Regulation 23 of Securities & Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. Objectives

The Board of Directors (the “Board”) of Bengal Tea & Fabrics Limited (the “Company” or “BTFL”), has adopted Related Party Transactions (“RPT”) Policy, hereinafter referred to as “this Policy” to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval. This Policy also aims to comply with the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

2. Definitions

- (i) “Act” means the Companies Act, 2013 and rules made there under as amended from time to time.
- (ii) “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.
- (iii) “Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of SEBI Listing Regulations and Companies Act, 2013.
- (iv) “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
- (v) “Board” means Board of Directors of the Company.
- (vi) “Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Companies Act, 2013.
- (vii) “Key Managerial Personnel” (KMP) means key managerial personnel as defined under Section 2 (51) the Companies Act, 2013
- (viii) “Material Modifications” in relation to any RPT means 10% (Ten per cent) or more variation in the threshold limits of approved RPT in terms of value, quantity, interest or otherwise.
- (ix) “Material Related Party Transactions” means transaction(s) with a related party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- (x) “Policy” means Related Party Transaction Policy.
- (xi) “Related Party” means means "Related Party" defined under the Listing Regulations.
- (xii) “Related Party’ Transaction” (“RPT”) means Related Party Transactions defined under



the Listing Regulations.

(xiii) **“Relative”** means relative as defined under Section 2 (77) Companies Act, 2013.

(xiv) Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI Listing Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

3. Related party transactions under the policy

3.1 Any transfer of resources, services or obligations between the company and a related party, would get covered as a ‘Related Party Transaction’(RPT), whether or not, there is an element of consideration or price.

3.2 Prohibited Related party transactions

Any transaction with a Related Party can be undertaken only if it is in compliance with the law.

3.3 Approval Process

All related party transactions proposed to be entered by the Company will be entered subject to the approvals as required under the Act read with the relevant Rules and the Listing Regulations.

A. Approval of Audit Committee

The Company will enter into any Related Party Transactions and subsequent modifications only with the prior approval of the Audit Committee.

In the audit committee meeting, only those members of the audit committee, who are independent directors, shall approve related party transactions.

The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

a. The Audit Committee shall lay down the criteria for granting 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 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 the following:

i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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. In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One crore per transaction;

e. The Audit committee shall review, at least once, on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;

f. 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. Approval of Board of Directors and Shareholders

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval. All the Related Party Transactions shall be approved by the Board of Directors of the Company, except

- (i) transactions entered into by the company in its ordinary course of business; and
- (ii) transactions are at an arm's length basis.

C. Approval of the Shareholders

All transactions with Related Parties exceeding the materiality thresholds, as stated below, shall require prior approval of the Shareholders:

- i. If the transaction/transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company;
- ii. All transactions specified under Section 188 of the Companies Act, 2013 which are not at arm's length or not in the ordinary course of business and exceed the thresholds laid down as mentioned below and as amended from time to time:

THRESHOLD LIMITS FOR DEALING WITH RELATED PARTY TRANSACTIONS

Sl. No.	Nature of transaction with a related party	Threshold limit till which related party transaction can be carried out with Board approval	Threshold limit till which related party transaction can be carried out with shareholders approval (*)
a	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	Upto 10% of the turnover or Rs.1000 crore, whichever is lower	No upper limit
b	Leasing of property of any kind		
c	Availing or rendering of any services, directly or through appointment of agent		
d	Selling or otherwise disposing of, or buying property of any kind, directly or through appointment of agent	Upto 10% of net worth or Rs.1000 crores, whichever is lower	No upper limit
e	Related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company	Monthly remuneration upto Rs.2.50 lakhs	No upper limit
f	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	Upto 1% of the net worth	No upper limit

(*) Shareholders reserve the right to specify maximum permissible limit upto which transaction with a respective related party may be carried out in a financial year, in the event whereof such permissible limit will be reckoned as threshold limit for the purpose of this policy.

NOTE:

1. Threshold limit shall be determined by the Board of Directors from time to time on compliance of necessary statutory formalities.
2. 'Networth' or 'Consolidated Turnover' or 'Turnover', wherever specified shall refer to respective figures as per audited financial statements for the preceding financial year.



All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

However, this requirement shall not apply in-respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

3.4 Exceptions to Related Party Transactions

Notwithstanding anything contained in the foregoing, the following shall not be deemed as Related Party Transactions for the purpose of this Policy:

(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;

(b) 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. 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) Any transaction that involves providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of Companies Act, 2013, in connection with his or her duties to the Company or any of its subsidiary companies or associate companies, including the reimbursement of reasonable business and/or travel expenses incurred in the ordinary course of business.

(d) Reimbursement of expenses incurred by a Related Party for business purpose of the Company.

(e) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

(f) Any other exception which is consistent with the applicable laws, including any rules or regulations made thereunder, and does not require approval in advance of the Audit Committee.

4. Disclosure by Directors/ KMPs

a. Each director and Key Managerial Personnel is required to give notice of disclosure of interest under Sections 184 and 189 of the Companies Act 2013, along with list of relatives and related parties to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP without requisite approvals.

b. Each Director and KMP of the Company shall promptly notify the Company Secretary of any material transaction or Relationship that could reasonably be expected to give rise to any conflict of interest.

c. The Company shall maintain Register in the prescribed form.

d. The company shall disclose the policy on dealing with Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report.

e. Details of all material transactions with related parties and material modifications, if any, shall be disclosed, quarterly in the Compliance Report on Corporate Governance., as required under SEBI Listing Regulations.



f. The Company shall submit to the stock exchanges disclosures of RPTs in the format as specified by 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 w.e.f. 1st April, 2022 and with effect from 1st April, 2023 on the same day as the date of publication of its standalone and consolidated financial results.

6. Guiding Principles for approval of a Related Party Transaction by the Board/ Audit Committee thereof

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

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party 's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

7. Ratification of Related Party Transactions

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, 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. If prior approval of the Audit Committee/ Board/ Shareholders for entering into a RPTs is not feasible owing to paucity of time and also other administrative inconvenience, then such RPTs shall be recommended by the Audit Committee for ratification to the Board/ Shareholders, if required, within 3 months of entering into the Related Party Transaction..

In any case where either the Audit Committee/ Board/ Shareholders determines not to ratify a Related Party Transaction that has been commenced without prior approval, the Committee or Board or Shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. If the contract or arrangement is with a Related Party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.



This Policy will be communicated to all operational employees and other concerned persons of the Company.

8. Consequences of non-compliance of such policy for any Related party transaction

Non-compliance of this Policy may lead to initiation of disciplinary proceedings against the defaulter.

The above would be over and above the prescribed penal consequences under Companies Act, SEBI Listing Regulations, Securities Contract Regulation Act, 1956.

9. Policy interpretation and review

In case of any subsequent changes in the provisions of the Companies Act, 2013, SEBI Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

Notes:

The Related Transaction policy was adopted by the Board of Directors of Bengal Tea & Fabrics Limited as on 8th November, 2014 and thereafter modified on 9th February, 2019¹ and 10th February, 2022².

¹ *The Related Transaction policy has been suitably modified in line with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (w.e.f. April 01, 2019) by the Board of Directors in their meeting held on 9th February, 2019.*

² *The existing Related Transaction policy has been suitably modified in line with the requirements of Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 (w.e.f. April 01, 2022) by the Board of Directors in their meeting held on 10th February, 2022.*

