

## **THE BIRLA COTTON SPINNING & WEAVING MILLS LIMITED**

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### **POLICY ON RELATED PARTY TRANSACTIONS**

#### **I. BACKGROUND**

Regulation 23(1) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires every listed entity to formulate a policy on materiality of related party transactions and dealing with related party transactions. It is in this context that the Policy on materiality and dealing with related party transactions ("Policy") is being framed and implemented.

#### **II. TITLE**

This Policy shall be called "Policy on related party transactions".

#### **III. OBJECTIVE**

The objective of this policy is to comply with the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (known as listing regulations) read with Section 188 of the Companies Act, 2013 and to set out the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

#### **IV. APPLICABILITY**

This Policy shall be applicable to all the related party transactions entered into by the Company with the related party as defined in the Companies Act, 2013 and Listing Regulations.

#### **V. DEFINITIONS**

- Audit Committee: It means the audit committee of The Birla Cotton Spinning & Weaving Mills Limited.
- Company: It means The Birla Cotton Spinning & Weaving Mills Limited.
- Material Related Party Transaction: It means a transaction with a Related Party if the transaction / transactions 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 or any other limit as may be prescribed

from time to time by amending listing regulations and Section 188 of Companies Act, 2013 and related rules thereon.

## **VI. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

### **a) Approval of Audit Committee**

- All the transactions which are identified as related party transactions irrespective of any quantum or time period 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.
- The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and such other transactions 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.
- 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 approvals given.
- Any other conditions as the Audit Committee may deem fit

### **b) Approval of Board of Directors**

- As per the provisions of Section 188 of the Companies Act, 2013, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval; and Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval shall also be placed before the Board for approval.

### **c) Approval of Shareholders**

All related party transactions as per Section 188 as per Companies Act, 2013 read with Rule 15 of Companies (Meeting of Board and its powers) Rules, 2014 and as per Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all material related party transactions shall require prior approval of shareholders through ordinary resolution.

## **VII. REVIEW OF POLICY**

The Policy shall be reviewed by the Committee periodically and appropriate recommendations shall be made to the Board to update the Policy keeping in view the amendments taken place in various laws applicable to the Company.

## **VIII. LIMITATIONS**

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

## **IX. DISCLOSURES**

- The Company shall disclose, in the Board's report, the transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- The Company shall disclose details of all material transactions with related parties along with quarterly compliance report on Corporate Governance in terms of Regulation 27 (2) of the Listing Regulations.
- The Company shall disclose this Policy on the website of the Company ([www.birlacotton.com](http://www.birlacotton.com)) and a web link thereto shall be provided in the Annual Report of the Company.