

**BURNPUR CEMENT LIMITED**  
**RELATED PARTY TRANSACTIONS POLICY**

**1. Preamble**

The Related Party Transactions Policy provides a framework to regulate transactions between Burnpur Cement Limited (“Company”) and its Related Parties based on the laws and regulations applicable on the Company.

**2. Definitions**

**“Related Party”**- means a person or entity who is considered as a Related Party under Section 2(76) of the Companies Act, 2013 (“the Act”) and Rules thereof and under Regulation 2 (zb) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time.

**“Related Party Transaction”** (“RPT”) means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company and a related party, regardless of whether or not a price is charged, either single or a group of transactions in a contract and includes the transactions enumerated in Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and as defined in Regulation 2(zc) of the Listing Regulations, as amended from time to time.

**“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.

**“Material Related Party Transaction”** 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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Provided that in case of any amendment to the Act or Listing Regulations, definition of Material transactions will be deemed to be changed without any further approval of Audit Committee or Board.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**3. Policy**

All RPTs (inclusive of modifications, if any) must be referred to the Audit Committee for prior approval by the Committee as well as the Board of Directors (Board) and the Shareholders of the Company wherever necessary.

References to any statute, provision, clause or regulation include references to any subsequent changes to that statute, provision, clause or regulation or any re-enactments thereof.

#### **4. Identification of Potential RPTs**

Each Related Party as defined under the relevant laws is responsible for providing notice to the Audit Committee or the Board of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that the Audit Committee / Board may reasonably request.

The Board/Audit Committee will determine whether the transaction requires compliance with this Policy.

#### **5. Approval of RPTs**

##### Audit Committee Approval

All RPTs shall require prior approval of the Audit Committee.

The Audit Committee can grant an omnibus approval for RPTs proposed to be entered into by the Company (inclusive of RPTs that cannot be foreseen or for which details are not available) if the same is/are considered necessary and in the interest of the Company and on such conditions as may be decided by the Committee and in keeping with any limits and specifications for such omnibus approvals as may be required by the relevant authorities. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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

##### Board Approval

Board Approval is required for transactions enumerated in Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time. Provided that nothing in the said section shall apply to any RPTs, entered into by the Company in its ordinary course of business, other than transactions which are not on an arm's length basis.

All Material Related Party Transactions would also require Board Approval.

Any member of the Board who has a potential interest in any such RPT will recuse himself or herself and abstain from discussion and voting on the approval of the RPT.

##### Shareholders' Approval

Shareholders' approval by way of special resolution shall be required for all material related party transactions under Listing Regulations as well as the transactions covered

Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time. All entities falling under the definition of “related parties” shall not vote to approve the resolution, irrespective of whether the entity is a related party to the particular transaction or not.

Transactions with wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval would not require any prior Audit approval or any shareholders approval.

## **6. Review & monitoring of RPTs:**

The Audit Committee may review and monitor a RPT taking into account 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 connection with any review of a RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.

To review a RPT, the Audit Committee shall be provided with all relevant material information of the RPT 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 information/material.

In determining whether to approve a RPT, the Committee will consider the following factors, among others, to the extent relevant to the RPT:

- Name of the related party and the relationship
- Nature and duration of transaction and material terms including the value, if any
- The manner of determining the pricing and
- Whether the transaction qualifies to be a transaction in the ordinary course of business
- Whether the terms of the RPT are fair and on arms length basis to the Company
- Business rational for such transactions

The Audit Committee Shall review, at least on a quarterly basis, the details of RPT entered into by the Company pursuant to each of the omnibus approval given. However, such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

## **7. Transactions not to be considered as RPT**

Notwithstanding the foregoing, the following RPTs shall not require approval of Audit Committee/Board or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- ii. 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.
- iii. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/Companies Act, 2013.
- iv. Any transaction occurred as an **"Arm's Length Transaction"**.

#### **8. Requirement of fresh approvals for past contracts if any**

Contracts entered into by companies, after necessary compliances under the Companies Act, 1956, which already came into effect before the commencement of the Companies Act, 2013, i.e. April 1, 2014, will not require fresh approval till the expiry of the original term of such contracts. However, any material related party transaction continuing to be operational beyond March 2015, would require Shareholders approval.

#### **9. RPTs not approved under this Policy**

In the event the Company becomes aware of a RPT 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 RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a RPT 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. The Committee has authority to modify or waive any procedural requirements of this Policy.

#### **10. Disclosures/Amendment**

Related Party Transactions with proper justification shall be disclosed in the Directors' Report, as applicable.

Details of all material related party transactions shall be disclosed quarterly along with the compliance report on corporate governance.

The Related Party Transactions Policy shall be disclosed on the website of the Company and disclosed in the Annual Report, in the manner as may be required.

The right to interpret /amend/modify this Policy vests in the Board of Directors of the Company.