

**POLICY ON DEALING WITH AND MATERIALITY OF  
RELATED PARTY TRANSACTIONS (“RPT POLICY”)**

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## BRAINBEES SOLUTIONS LIMITED

### POLICY ON DEALING WITH AND MATERIALITY OF RELATED PARTY TRANSACTIONS" ("RPT Policy")

#### 1. PURPOSE OF THIS POLICY:

Brainbees Solutions Limited ("The Company") is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India ("SEBI"). Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (SEBI LODR) *inter alia*, provides, that the Company shall formulate a policy on materiality of Related Party Transactions ("RPT") and also on dealing with Related Party Transactions.

Accordingly, the Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions to ensure that the transactions with related parties are undertaken in compliance with the legal requirements and necessary structure for reporting is in place.

This Policy encompasses the mechanism to regulate transactions with related parties in a fair and transparent manner.

#### 2. DEFINITIONS

- A. **"Act"** means the Companies Act, 2013 including the Rules, Regulations, schedules, clarifications and guidelines issued and amended by the Ministry of Corporate Affairs, from time to time.
- B. **"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.
- C. **"Audit Committee"** shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and the SEBI LODR.
- D. **"Board"** refers to Board of Directors of Brainbees Solutions Limited or any Committee of the Board authorized for the purpose of this Policy.
- E. **"Company"** means Brainbees Solutions Limited.
- F. **"Related Party"** shall have the meaning ascribed to it in the SEBI LODR and the Act, including all amendments and modifications thereof from time to time.
- G. **"Related Party Transaction or RPT"** shall have the meaning ascribed to it in the SEBI LODR and the Act, including all amendments and modifications thereof from time to time.
- H. **"Material related party transaction"**- means a transaction with a related party where any transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statement, whichever is lower.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statement of the Company.

- I. **“Material modification”** means any subsequent change to an existing RPT, having variance of 10% of the existing limit.
- J. **“Ordinary course of business”** means the usual transactions, normal/incidental and/or facilitative activities, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

Words, terms, and expressions used in this Policy but not defined herein shall have the meaning assigned to such term in the Act, SEBI LODR and/or the rules thereof and regulations made thereunder, as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

### **3. IDENTIFICATION OF RELATED PARTIES AND THE RELATED PARTY TRANSACTIONS**

- I. Every director and key managerial personnel (KMP) of the Company and its subsidiaries/ Joint venture shall,
  - a) at the time of appointment;
  - b) periodically – as required by the Company
  - c) whenever there is any change in the information already submitted,provide requisite information about his / her Relatives and all firms, entities, body corporates, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such director and KMP shall also provide any additional information about the transaction, that the Board /Audit Committee may reasonably request.
- II. Each subsidiary shall furnish an updated list of its Related Parties to the Company.
- III. On the basis of the above, a consolidated list of Related Parties shall be prepared in accordance with the provisions of the Act and SEBI LODR.
- IV. Potential transactions with the Related Parties, as per the above-mentioned list, shall be identified and a proposal with details, shall be submitted for requisite approval.
- V. The subsidiaries shall, from time to time, provide to the Company, information of any proposed Material Related Party Transactions and any Material Modification(s), for the purpose of obtaining requisite approvals.

- VI. The subsidiaries shall provide to the Company, on a quarterly basis, information regarding the related party transactions entered into for making required disclosures to the stock exchanges.

#### **4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

##### **A. AUDIT COMMITTEE**

4.A.1. All the transactions between Company and its related party and subsequent modifications thereof, shall require prior approval of the Audit Committee in the manner specified under the SEBI LODR. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

4.A.2. A related party transaction to which the subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

4.A.3. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. Related Party Transaction(s) which are (i) not in the ordinary course of business, or (ii) not at arm's length price, would also require approval of the Board or of shareholders, as detailed in subsequent paragraphs.

4.A.4. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary, which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23(3) of the SEBI LODR and such other conditions 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. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per related party during a financial year.

4.A.5. Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

The approval of the Audit Committee of the Company shall not be required for the transactions entered into between the Company and its wholly owned subsidiary or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval. Further, transactions involving payment of statutory dues, statutory fees or statutory charges entered into between the Company and the Central Government or any State Government or any combination thereof, shall not require approval of the Audit Committee.

It is further clarified that the following transactions shall not require approval of the Audit Committee:

- a. Transactions that have been approved by the Board as per other specific provisions of the Act e.g., merger or amalgamation, investment, loans, guarantee or providing security in connection with any loan, etc. to its wholly owned subsidiaries.
- b. Transactions involving corporate restructuring, mergers, demergers, etc. wherein the Board has approved such transactions, and restructuring is subject to approval of Tribunals / Courts of competent jurisdiction.
- c. Transactions involving corporate actions, 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.
- d. Transactions involving payment of remuneration and sitting fees by the Company or its subsidiary by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided the same is not material.
- e. Transaction involving retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

## **B. BOARD OF DIRECTORS**

4.B.1. In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price or (iii) requires shareholder approval as specified in 4.C.1 below, the Board will consider factors such as, nature of the transaction, material terms, the manner of determining the pricing, the business rationale or any other parameters provided under the SEBI LODR for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

## **C. SHAREHOLDERS**

4.C.1. If a Related Party Transaction is (i) material related party transaction as per Regulation 23 of the SEBI LODR, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds the thresholds as prescribed under the Companies Act, 2013, then such RPT and any subsequent material modification thereto, shall require shareholders' approval by a resolution. In such a case, any member of the Company who is a Related Party, irrespective of being a party to a particular transaction or not, shall not vote on resolutions for approving such Related Party Transaction.



#### **D. 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 as per this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as may be required in accordance with this policy. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy. The Audit Committee shall consider all 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.

In case of failure to seek ratification from the Audit Committee or the Committee determines not to ratify a Related Party Transaction that has been commenced without approval; the Audit Committee, as appropriate, may take any of the below mentioned actions, including but not limited to:

- i. may direct additional actions
- ii. may render the transaction voidable at its own discretion
- iii. may authorize any other director, the director(s) concerned to indemnify the listed entity against any loss incurred by it.

Provided that the member of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions namely:

- i. the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii. the transaction is not material in nature;
- iii. rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- iv. the details of ratification shall be disclosed along with the disclosures of related party transactions in format as may be specified from time to time by SEBI;
- v. any other condition as specified by the audit committee:

#### **E. REVIEW OF RELATED PARTY TRANSACTIONS**

The Management shall lay down an appropriate framework including the pricing mechanism to ensure arm's length pricing for dealing with the Related Party(s). The Management shall institute appropriate administrative mechanism to ensure that all Related Party Transactions are in compliance and reviewed in accordance with these policies and procedures.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and material modifications thereof, entered into by the listed entity or its subsidiaries pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy without diluting the requirements prescribed under the SEBI LODR. Further, certificates from the CEO or CFO or any other KMP of the Company and from every director of the Company who is also promoter ("promoter director"), if any, shall be placed before the Audit Committee to the effect that:

- (i) the RPTs to be entered into are not prejudicial to the interest of public shareholders; and
- (ii) the terms and conditions of the RPT are not unfavorable to the Company, compared to the terms and conditions, had similar transaction been entered into with an unrelated party.

However, if any promoter director does not provide such certificate, the same shall be informed to the Audit Committee and the shareholders, if it is a material RPT.

#### **F. REPORTING OF RELATED PARTY TRANSACTIONS**

4.F.1. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement

4.F.2. The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the SEBI LODR and the same shall be published on the Company's website.

4.F.3. Details of all material RPTs shall be disclosed quarterly along with the compliance report on corporate governance

#### **5. INFORMATION TO BE PROVIDED AT THE TIME OF SEEKING APPROVAL OF THE AUDIT COMMITTEE AND/OR BOARD, AND THE SHAREHOLDERS OF THE COMPANY, AS THE CASE MAY BE**

The Audit Committee and/or Board, as the case may be, shall be provided with the information as specified in the Act, SEBI LODR, Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction" and Framework on Related Party Transactions, while placing any proposal for review and approval for entering into Transactions with Related Party(s).



## **6. LIMITATION AND AMENDMENT**

This Policy will be reviewed by the Board of Directors of the Company at least once in every three (3) years and any amendment of any provision of this Policy shall be promptly disclosed on the Company's website.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## **7. DISCLOSURE OF THE POLICY**

The Company shall display this Policy on its website and a web link thereto will be provided in its annual report. Disclosure with regard to the RPTs must also be made in accordance with the provisions of the Act.