

Bengal Tea & Fabrics Limited

CIN No. L51909WB1983PLC036542  
Century Towers, 45, Shakespeare Sarani, 4<sup>th</sup> Floor, Kolkata – 700017  
Telefax: 91-33 2283 6416/6417, email: [mail@bengaltea.com](mailto:mail@bengaltea.com)  
Website: [www.bengaltea.com](http://www.bengaltea.com)

**RELATED PARTY TRANSACTION POLICY**

Effective from 1<sup>st</sup> October, 2014

[Pursuant to the Companies Act, 2013 and Clause 49 {revised on 15.09.2014} of the Listing Agreement]

---

**1. Preamble**

The Board of Directors (the “Board”) of Bengal Tea & Fabrics Limited (the “Company” or “BTFL”), has adopted the following policy and procedures with regard to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by company to ensure compliance with the Law and Regulation. The Audit Committee will review and may amend this policy from time to time and propose the amendment required in the policy to the Board of directors.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

**2. Purpose**

This policy is framed to regulate transactions between the Company and its related parties as determined based on the Companies Act, 2013 and Clause 49 (revised on 15.09.2014) of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders.

**3. Definitions**

- i. “**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.
- ii. “**Board**” means Board of Directors of the Company
- iii. “**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- iv. “**Key Managerial Personnel**” means key managerial personnel as defined under Section 2 (51) the Companies Act, 2013



v. **“Material Related Party Transaction”** means a transaction as defined

vi. **“Policy”** means Related Party Transaction Policy.

vii. **“Related Party”** means related party as defined in Clause 49 of the Listing Agreement which is as follows:

An entity shall be considered as related to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable accounting standards."

viii. **“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

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

x. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

#### **4. Related party transactions under the policy**

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

#### **4.2 Prohibited Related party transactions**

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

#### **4.3 Approval Process**

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

- Name(s) of the Related Party;
- Nature of the transaction;
- Period of transaction;



- Maximum amount of transaction that can be entered into;
- The indicative base price / current contracted price and the formula for variation in the price, if any, and;
- Such other conditions as the Audit Committee may deem fit.

d. In such 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 Rs. 1.00 crore per transaction;

e. The Audit committee shall review, at least 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.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

In the case of Material Related Party Transaction, the approval of the shareholders by way of special resolution is also required irrespective of the fact whether the transaction, contract or arrangement is in the ordinary course of business or at arm length or both and the Related Party shall abstain from voting on such resolutions.

In the event transaction, contract or arrangement with the Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.

The following types of transactions require approval from shareholders:

- Transactions not in the ordinary course of business
- Transactions in the ordinary course of business if not done at an arm's length
- Material Transactions as defined under clause 49 (VII) (C) of the listing agreement

## **5. Disclosure by Directors/ KMPs**

### **A. Disclosure of interests**

- All Directors/ KMPs are required to disclose the entities in which they or their relatives are or deemed to be interested, in the prescribed form.
- 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.
- The Company shall maintain Register in the prescribed form.
- 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.



- Details of all material transactions with related parties shall be disclosed, quarterly in the Compliance Report on Corporate Governance., as required under listing agreement.

#### **B. Disclosure of Related Party Transaction entered with the company**

Each Director and KMPs of the Company is responsible for providing declaration/ notice in the prescribed Form to the Managing Director/CFO/Company Secretary about Related Party Transaction involving the Company and him or her or an entity wherein he/ she or his / her relative is interested, including any additional information about the transaction that the Managing Director/Company Secretary may reasonably request. The Managing Director/CFO/Company Secretary in consultation with the management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

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

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. 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.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and



