

BHARAT NIDHI LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1) PREAMBLE

- 1.1. Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“**Act**”) read with the Rules framed there under and Clause 49 of the Listing Agreement (as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014), Bharat Nidhi Ltd. (BNL) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.
- 1.2. Also, Clause 49 (VII)(C) of the Listing Agreement requires a Company to formulate a policy on materiality of related party transactions and dealing with related party transactions.
- 1.3. In light of the above, BNL has framed this Policy on Related Party Transactions (“**Policy**”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee of Directors (Audit Committee). Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.
- 1.4. This Policy does not supersede other delegation of powers to management, resolutions of the Board requiring certain transactions to be approved by the Board or other Committees thereof.

2) OBJECTIVE OF THE POLICY

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3) DEFINITIONS

“**Arm’s Length Transaction**” (‘ALT’) means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“**Audit Committee**” means the Committee of the Board constituted from time to time under the provisions of clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

“Board” means the Board of Directors as defined under the Companies Act, 2013.

“Key Managerial Personnel” means “Managing Director”, “Whole time Director”, “Manager”, “Chief Executive Officer”, “Chief Financial Officer”, “Company Secretary”, and shall have the same meaning as assigned under Section 203 of the Companies Act, 2013 read with Section 2(51), 2(54), 2(94), 2(53), 2(18), 2(19) and 2(24) of the Act.

“Material Related Party Transaction/Transactions” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 or the Listing Agreement, whichever is stricter, from time to time.

“Ordinary Course of Business” (‘OCB’) means a transaction which is:

- Carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MOA) of the Company as amended from time to time or historical practice with a pattern of frequency, or
- Common commercial practice, or
- Meets any other parameters / criteria as decided by the Board / Audit Committee.

“Related Party/Parties” means related party as defined under the Companies Act, 2013 read with Clause 49 of the Listing Agreement and as amended from time to time.

“Related Party Transaction/Transactions” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes-

- a. Sale, purchase or supply of any goods or materials;
 - b. Selling or otherwise disposing of, or buying property of any kind;
 - c. Leasing of property of any kind;
 - d. Availing or rendering of any services;
 - e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
 - f. Such related party’s appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
 - g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
- (The above is an indicative list and not an exhaustive one).

“Relative” means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –

- a. Members of a Hindu Undivided family;
- b. Husband or wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son’s wife;
- g. Daughter;
- h. Daughter’s husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

“**Transaction**” with a related party shall be construed to include a single transaction or a group of Transactions.

4) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

4.1 Identification of Related Parties

BNL shall identify Related Parties as per the definition provided in the applicable laws and regulations, including the Act and the SEBI Equity Listing Agreement, as amended from time to time.

Based on the disclosures made by Directors and KMPs from time to time, the Company shall regularly verify and update the Related Party list and review and confirm that the Transactions are (at least once a quarter) in accordance with the applicable laws as prevalent.

4.2 Identification of Related Party Transactions

Every Director and the Key Managerial Personnel will be responsible for providing a declaration in the format as per Annexure 1 containing the following information to the Company on an annual basis.

1. Name of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his/her relative is a Member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and the Key Managerial Personnel will also be responsible to update the Company of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

The Company Secretary / Compliance Officer shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of-

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Director or Key Managerial Personnel of the holding company or their relatives;
6. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement or the relevant Accounting Standard.

The database shall be updated periodically and shall be reviewed at least once a year jointly by the Company Secretary / Compliance Officer and Chief Financial Officer. The functional/business heads/Chief Financial Officer / Company Secretary/shall have access to the updated database.

Every Director, Key Managerial Personnel, Functional / Business heads/Chief Financial Officer will be responsible for providing prior Notice to the Company Secretary / Compliance Officer of any potential Related Party Transaction. They will also be responsible for providing additional information about the Transaction that the Board /Committee may request, for being placed before the Audit Committee and the Board.

The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal / transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this notice, the Company Secretary will obtain necessary approvals as per this Policy.

4.3 Procedure for Approval of Related Party Transactions

Approval of the Audit Committee

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by way of a resolution by circulation or through electronic mode. A member of the Audit Committee who (if) has a potential interest in any Related Party Transaction will not be present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

However, BNL may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- i) The Audit Committee shall lay down the criteria / Framework and Guidelines for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
- ii) The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company;
- iii) The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and formula for variation in the price, if any (for ex: +/- 5% and (iii) such other conditions as the Audit Committee may deem fit.

However, in case of Related Party Transactions which cannot be foreseen and where the above details are not made available to the Audit Committee in advance, management is permitted by the Audit Committee to enter into transactions provided the value of the group of identical transactions does not exceed Rs.25, 00,000 (Rupees Twenty Five Lac Only) per transaction;

- iv) The Audit Committee shall review at least, once every quarter, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given;
- v) Such omnibus approval shall be valid for 1 year from the date of grant of such approval.

4.3.1 Consideration by the Committee in Approving the Proposed Transactions

While considering any Related Party Transaction, the Committee shall take into account all relevant facts and circumstances 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.

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transactions:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are Arm's Length Transactions;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a 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, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e. events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

4.3.2 Approval by the Board

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 the Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

4.3.3 Approval of Material Related Party Transactions

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

4.3.4 Transactions not in Ordinary Course of Business and not on arm's length basis

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at arm's length basis shall also require the prior approval of the shareholders through such resolution as may be prescribed under Companies Act, 2013 and Rules framed thereunder from time to time and the Related Parties shall abstain from voting on such resolution.

4.3.5 Related Party Transactions Not Previously Approved

In the event of the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

4.4 Disclosure and Reporting of Related Party Transactions

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transactions. The Company Secretary / Compliance Officer and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary / Compliance Officer shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

5) SCOPE LIMITATION

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

6) DISSEMINATION OF POLICY

This Policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company.

ANNEXURE 1**NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL**

To,

The Company Secretary / Compliance Officer
 Bharat Nidhi Limited
 Second Floor, Express Building
 9-10, Bahadurshah Zafar Marg
New Delhi-110 002

Dear Sir,

- A. I,, son/daughter/spouse of, resident of, holding Equity Shares of Rs. 10/- each (..... percent of the paid-up Capital) in the Company in my name, being a in the Company, hereby give notice that I am interested directly/through my Relatives, as per Schedule attached in the following company or companies, body corporate, firms or other association of individuals :

S. No.	Name of the Companies/ Corporate/ Association Individuals	of the Bodies Firms/ of	Nature of Interest or concern / Change in Interest Concern	Shareholding	Date on which Interest or Concern arose / changed

- B. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions :

S. No.	Name of the Body Corporate

- C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity)

S. No.	Name of the Person	Relation

**List of Private Companies and Firms in which Relatives of Director are Director/Member/
Partner(s)**

S. No.	Name of Firm	Name of Relative & Relationship

**List of Public Companies in which Director is a Director and along with his Relative holds
more than 2% of its Paid up Share Capital**

S. No.	Name of Public Company	% of Paid up Share Capital held	Name of Relative & Relationship

Signature :
Name:
Designation :

Place :
Date :

SCHEDULE
LIST OF RELATIVES

S. No.	Relationship	Full Name	Shareholding in Bharat Nidhi Limited
1	Spouse		
2	Father (including Step-Father)		
3	Son (including Step-Son)		
4	Daughter		
5	Daughter's Husband		
6	Brother (Including Step-Brother)		
7	Sister (Including Step-Sister)		
8	Mother (Including Step-Mother)		
9	Son's Wife		
10	Members of HUF		