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**BANNARI AMMAN SPINNING MILLS LIMITED**

**POLICY ON RELATED PARTY TRANSACTIONS**

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## POLICY ON RELATED PARTY TRANSACTIONS

### 1. Preamble

The Board of Director (the “Board”) of Bannari Amman Spinning Mills Limited has adopted and made applicable the following Policy and Procedures with regard to Related Party Transactions, based on the laws and regulations applicable on the Company. The Audit Committee will review the policy and may amend this policy from time to time.

### 2. Purpose

This policy is framed as per requirement of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transaction between Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transaction between the company and related Parties as well as policies concerning transactions with Related Parties.

### 3. Definitions

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and Companies Act, 2013.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 2011

“**Key Managerial Personnel**” (KMP) “Key Managerial Personnel (KMP) means KMP as defined under the Section 2(51) of the Companies Act, 2013.

“**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 limits as may prescribed under the LODR and/or the Companies Act, 2013.

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

“**Related Party**” means related party as defined in 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations and/or the Companies Act, 2013.

“**Related Party Transaction**” means any transaction as defined in 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations and/or the Companies Act, 2013.

“**Relative**” means relative as defined under the Companies Act, 2013

#### **4. Policy:**

All Related Party Transaction must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

##### **4.1 Identification of potential Related Party transactions**

Each Director and Key Managerial Personnel responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his Relative, including any additional information about the transaction that the Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee /Board has adequate time to obtain and review information about the proposed transaction.

##### **4.2 Prohibitions relating to Related Party Transactions**

All Related Party Transaction shall require prior approval of Audit Committee. Further, all Material Related Party Transaction shall require approval of the shareholders through special resolution and no Related Parties shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

##### **4.3 Review and Approval of Related Party Transactions**

Related Party Transaction will be referred to the 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 him 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 of 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 other, to the extent relevant to the Related Party Transaction:

- Whether the term 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 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 factor 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 approval of the matters, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transaction shall not require approval of Audit Committee or Shareholders:

- Any Transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, includes the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- 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.

#### **5. OMNIBUS APPROVAL OF RELATED PARTY TRANSACTIONS:**

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

- the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

- c) the omnibus approval shall specify:
- (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
  - (iii) such other conditions as the audit committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- d) the audit committee shall review, atleast on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Such approvals shall be subject to the following Criteria:

Particulars	
Maximum value of the transactions, in aggregate which can be allowed under the omnibus route in a year	₹ 100 crore
The maximum value per transaction which can be allowed	₹ 50 crore
Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval	As specified under the Companies Act, 2013 and the rules made thereunder and as directed by the Audit Committee.
Review: at such intervals as Audit Committee may deem fit	Quarterly
Transactions which cannot be subject to the omnibus approval by the Audit Committee.	Omnibus approval shall not be made for transactions with respect to selling or disposing of the undertaking of the company. Any other transactions which have been specifically barred by the Companies Act, 2013 and the rules made therein from being approved by making an omnibus approval.



## 6. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction 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 Related Party Transaction, and shall evaluate all options available to the Company, include ratification, revision or termination of the Related Party Transaction.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction 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 Related Party Transaction 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. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy. This policy will be communication to all operational employees and other concerned Persons of the Company.

Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

The adequacy of this Policy shall be reviewed and reassessed atleast once in three years and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about to the regulatory framework, from time to time.

This policy shall come into force from the date of adoption or amendment of this policy from time to time.

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**Note:** The above policy was adopted at the Board Meeting held on 14.8.2014 and amended on 12.2.2021 reviewed and amended at the Board Meeting dt 30.5.2023

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