

BALKRISHNA INDUSTRIES LIMITED

**POLICY ON MATERIALITY OF RELATED
PARTY TRANSACTIONS
AND DEALING WITH RELATED PARTY
TRANSACTIONS**

PREFACE:

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| Policy Title | Policy on Materiality of Related Party Transactions And Dealing with Related Party Transactions |
| Version Number | 1.2 |
| Effective Date | 2 nd August, 2014 |
| Authorised by | Board of Directors |
| Number of Revisions | 2 (Two) |
| Last Revised Date | 30 th March, 2022 (First modified on 17 th May, 2018) |

A.INTRODUCTION AND BACKGROUND

Balkrishna Industries Limited (the “Company”) recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests. The Board of Directors of Company has adopted following Policy with regard to Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company with effect from 1st April, 2022 in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, (the “Listing Regulations”) and Companies Act, 2013 (the “Act”) amended from time to time.

B.SCOPE & INCLUSION

This policy sets definition of materiality of related party transactions and dealing with related party transactions.

C. TERMS AND REFERENCE

- 1. Material Related Party Transaction(s)** means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds ₹1000 crores (Rupees One thousand crore) or 10% (Ten percent) of the consolidated Annual Turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
The transaction related to brand usage or royalty shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceed five percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.

2. **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards as amended from time to time.

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the Company; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

3. **“Related Party Transaction or Transactions”** means a Transaction as mentioned in Section 188 or relevant provisions of the Act or means a transaction involving a Transfer of Resources, services or obligations between:

i a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

ii a Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023; regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the Company 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.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along

with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

4. **“Material Modifications of Related Party Transaction”** in relation to the Company means and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

D. POLICY

- All related party contracts / arrangements shall be entered on arms' length basis.
- In exceptional circumstances, where permitted by law, related party contracts /arrangements may deviate from the principle of arm's length, after approval from Audit Committee, Board or Shareholders, if applicable.
- All related party contract / arrangements shall comply with the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and applicable Accounting Standards, as amended from time to time.
- All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under applicable provision of Income Tax Act, 1961, as amended from time to time including certification from independent accountants under the Transfer Pricing Regulations.
- All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under applicable provision of Income Tax Act, 1961, as amended from time to time including certification from independent accountants under the Transfer Pricing Regulations.
- All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as case may be, as per applicable provisions of Act and Listing Regulations, as amended from time to time. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of applicable provisions of Act and of Listing Regulations as amended from time to time.
- This Policy will be reviewed as and when required but atleast once in three years.

E. AMENDMENT

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.
