



BHARAT GEARS LIMITED

geared for Life

Bharat Gears Limited

**Related Party Transactions Policy
(Effective from 1st October, 2014)**

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A. Introduction:

Bharat Gears Limited (the "Company" or "BGL") and its subsidiary companies (Indian and foreign) and its associate companies ("the Group"), if any would, in ordinary course of business, enter into transactions with a related party or parties.

The Board of Directors ("the Board") of BGL has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

B. Objectives:

The Board of Directors ("the Board") of BGL recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest or the perception thereof. Therefore, the Board has adopted Related Party Transactions Policy (this "Policy") to set forth the procedures under which transactions with Related Parties shall be reviewed for approval or ratification in accordance with the procedures set forth below.

This Policy is designed to ensure that the related party transactions ("RPTs") are carried out in the ordinary course of business of BGL and are at arm's length.

This policy also aims to comply with the provisions of the Companies Act 2013 ("the Act") and rules framed there under and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations").

No Related Party Transaction may be entered into by the Company, or any of its subsidiaries or associates, except in accordance with the provisions of this Policy.

The policy is based on the provisions of section 188 of the Act and under Regulation 23 of the Regulations. If there is any modification in the provisions of section 188 of the Act and Regulation 23 of the Regulations or if there is any notification or circular or any clarification issued by Ministry of Corporate Affairs or SEBI relating to the section 188 of the Act and/or Regulation 23 of the Regulations, in such case the Company would be required to revise the policy appropriately.

C. Definitions:

For the purpose of this policy, the following definitions apply:

1 Definitions under Companies Act, 2013

- **Related Party**

Section 2(76) of the Companies Act, 2013 defines Related Party as follows:

“Related party”, with reference to a company, means—

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (vi) anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act;
- (viii) any body corporate which is—
 - (a) a holding, subsidiary or an associate company of such company;
 - (b) a subsidiary of a holding company to which it is also a subsidiary; or
 - (c) an investing company or the venturer of the company;

Explanation - For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- (ix) such other person as may be prescribed [For the purposes of sub-clause (ix) of clause (76) of Section 2 of the Act, a director, other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.]

- **Relative**

Companies Act, 2013 [Section 2(77)]

As per the Provisions of Section 2(77) of the Companies Act, 2013 “Relative” with reference to any person, means anyone who is related to another, if -

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed;

Companies (Specification of definitions details) Rules, 2014

As per Rule 4 of Companies (Specification of definitions details) Rules, 2014 a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) Father (including step-father)
- (2) Mother (including step-mother)
- (3) Son (including step-son)
- (4) Son's wife
- (5) Daughter
- (6) Daughter's husband
- (7) Brother (including step-brother)
- (8) Sister (including step-sister)

- **Holding Company**

As per the Provisions of Section 2(46) of the Companies Act, 2013 "Holding Company", in relation to one or more other companies means a company of which such companies are subsidiary companies.

Explanation - For the purposes of this clause, the expression "Company" includes any body corporate.

- **Subsidiary Company**

As per the Provisions of Section 2(87) of the Companies Act, 2013 "subsidiary company" or "subsidiary", in relation to any other company (that is to say the holding company), means a company in which the holding company –

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation — for the purposes of this clause-

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression "company" includes any body corporate;
- (d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

- **Associate Company**

As per the Provisions of Section 2(6) of the Companies Act, 2013 "associate company", in relation to another company, means a company in which that other