



Policy on Related Party Transactions

I. INTRODUCTION

The Board of Directors of Bang Overseas Limited (“the Company” or “BOL”) has adopted Policy on Related Party Transactions (“RPT Policy” or “Policy”) for the Related Party Transactions (“RPTs”) based on recommendation of the Audit Committee pursuant Sections 177, 188 and other applicable provisions of the Companies Act, 2013 (“the Act”) and Rules framed thereunder and as amended from time to time and as per requirements of Regulation 23 of the Listing Regulations. The Audit Committee and/or Board of Directors may review / amend this Policy from time to time.

II. PURPOSE

Related Party Transactions (“RPTs”) are appropriate if they are in the interest of the Company and its stakeholders. The purpose of the RPT Policy is to authorize, monitor, regulate and report contracts, arrangements and transactions between the Company and a related party. This Policy lays down the process to be adopted by the Company for identification of the related parties, approval of the RPTs and any subsequent modification thereof. The Policy also lays down the reporting requirements of RPTs.

The RPT Policy is prepared to comply with the Regulations. In the event, the provisions of the RPT Policy are inconsistent with the Regulations, the Regulations, as amended from time to time, will prevail over the RPT Policy.

III. Scope & Applicability

The Policy applies to all the transactions of the Company with its related parties including changes, if any, in related parties from time to time.

IV. Effective Date:

This Policy has been adopted by the Board of Directors of Bang Overseas Limited (‘the Company’) at its Meeting held on 13th August, 2014 (The erstwhile Policy on Related Party Transactions stands replaced by this Policy and the effective date is December 01, 2015).

V. DEFINITIONS

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

“**Act**” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

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



“Ordinary Course of Business” means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (“MOA”) and the Articles of Association (“AOA”) of the Company as amended from time to time.

“Material Related Party Transactions” 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 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Relative” in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Act.

“Related Party” will have the same meaning as defined under Section 2(76) of the Act and/or the Regulation 2(1)(zb) of the Listing Regulations

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and Securities and Exchange Board of India and other Authorities from time to time on the interpretation of the term “Related Party”.

“Related Party Transactions” means all transactions between the Company on one hand and one or more related party(ies) on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act and/or Regulation 2(1)(zc) of the Listing Regulations. “Key Managerial Personnel” means the officer of the Company as defined under Section 2(51) of the Act.

“Board of Directors or Board” means the Board of Directors of Systematix Corporate Services Limited, as constituted from time to time.

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Act and the provisions of Listing Regulations.

“Chief Executive Officer (CEO)” means an officer of the Company, who has been designated as such by it.

“Chief Financial Officer (CFO)” means a person appointed as the Chief Financial Officer of the Company.

“Company Secretary (CS)” means a Company Secretary as defined in Section 2(24) of the Act.

“Managing Director” means Managing Director as defined in Section 2(54) of the Act.

“Manager” means Manager as defined in Section 2(53) of the Act.

“Whole-time Director” means Whole-time Director as defined in Section 2(94) of the Act.

“Transaction” shall be construed to include single transaction or a group of transactions in a contract or arrangement.



All capitalized terms used in this Policy but not defined herein shall have the meaning ascribed to such terms in the Companies Act, 2013 and Rules framed there under and the Listing Regulations, as amended from time to time. This Policy is applicable to all Related Party Transactions entered into on or after 1st December, 2015.

VI. MATERIALITY THRESHOLDS

Regulation 23 of Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a special resolution. BOL has fixed its materiality threshold at 10% of the annual consolidated turnover as per last audited financial statements of BOL for the purpose of Regulation 23(1) of Listing Regulations

VII. POLICY

1. In terms of this RPT Policy, either the Company or the persons authorized by the Board in accordance with this Policy may enter into any RPTs.
2. The Board on recommendation of the Audit Committee will lay down and approve a detailed procedure to be complied with to implement the RPT Policy.
3. The RPT Policy may be reviewed, approved and amended from time to time by the Board of Directors of the Company on the recommendation of the Audit Committee.
4. The Audit Committee may grant omnibus approvals as envisaged in the Regulations.
5. All transactions by the Company with related parties shall require approval of the Audit Committee as specified in the Regulations.
6. The Audit Committee shall on quarterly basis review the RPTs.
7. All RPTs which are not in Ordinary Course of Business or not at Arm's Length or both will additionally require prior approval of Board of Directors and Shareholders through special resolution as per the Act (as amended from time to time).
8. All Material Related Party Transactions as per Regulation 23 of Listing Regulations (as amended from time to time) will additionally require approval of shareholders through special resolution.
9. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional advice, if necessary.

VIII. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

1. On an annual basis, the CS shall request a disclosure from each Director and each KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Act and Regulation 23 of Listing Regulations in the prescribed format.

2. Directors and KMPs would be responsible for promptly notifying the CS in case of any changes/updates occurring in the related parties and in respect of details pertaining to such related parties declared by them.
3. Any individual appointed/elected as a Director or KMP shall be responsible to promptly complete and submit to the CS, the disclosure declaration referred in VII (1) above.

The Company prefers to receive such notice of any potential Related Party Transaction in advance so that the Audit Committee / Board have sufficient time to review information regarding the proposed transaction.

IX. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

- **Approval of the Audit Committee**

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- 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 the formula for variation in the price if any (for example: +/- 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 available, Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approval given;
- Such omnibus approval shall be valid for 1 year.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

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- Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
 - Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
 - Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
 - Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
 - Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
 - management assessment of pricing terms and business justification for the proposed transaction;
 - comparative analysis, if any, of other such transaction entered into by the company.
- **Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis or both, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- Transactions meeting the materiality thresholds laid down in Clause V of the Policy, which are intended to be placed before the shareholders for approval.

- **Approval of the Shareholders of the Company**

All the transactions with related parties meeting the materiality thresholds, laid down in Clause V of the Policy, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

- **Ratification by Board and/or shareholders of the Company**

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or shareholders pursuant to Section 188(1) of the Act and if is not ratified by the Board and/or shareholders within 3 months from the date of contract or arrangement, such contract or arrangement shall be voidable at the option of the Board. If such contract or arrangement is with related part to director or is authorized by any director, the directors concerned shall indemnify against any loss incurred.

X. DISCLOSURES

Disclosures with respect to RPT shall be made as per applicable provisions of the Regulations.

In addition to the above, the Company shall also provide details of all related party transactions meeting the materiality threshold (laid down in Clause V of the Policy above) on a quarterly basis along with the compliance report on Corporate Governance.

The Company shall disclose the RPT Policy on its website and a weblink thereto shall be provided in the Annual Report.

XI. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

XII. COMPLIANCE WITH RPT POLICY

1. Every person associated with RPT shall be accountable for complying with this RPT Policy that may be in force from time to time.
2. Director or KMP or any other employee, who had entered into or authorised the contract or arrangement in violation of the RPT Policy and RPT Framework shall be guilty of non-compliance.
3. In case of breach of this Policy, Audit Committee and/or Board of Directors may initiate appropriate action against the person/s responsible.
4. A person shall not be eligible for appointment as a Director of a Company if he has been convicted of an offence under Section 188 of the Act in respect of RPT at any time during the preceding five years.

XIII. ADMINISTRATIVE MEASURES

The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking appropriate actions / steps for prevention or remedy of any breach and / or defaults in complying with this Policy. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions of the Regulations.

XIV. INTERPRETATION

Subject to the superintendence of the Board, this Policy shall be interpreted and administered by the Audit Committee.
