



## **RELATED PARTY TRANSACTION POLICY BIRLA PRECISION TECHNOLOGIES LIMITED**

### **Birla Precision Technologies Limited**

Regd. Office : 23 Birla Mansion No. 2, 1st Floor, D. D. Sathe Marg, Prathana Samaj, Mumbai - 400 004.  
Tel. No.: +91 022-23825060

E-mail : [info@birlaprecision.com](mailto:info@birlaprecision.com) Website : [www.birlaprecision.com](http://www.birlaprecision.com)  
An ISO 9001:2000 & ISO 14001:2004 Company CIN: L29220MH1986PLC041214





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## 1. PREFACE

The Board of Directors (the "Board") of Birla Precision Technologies Limited has adopted this policy and procedures with regard to Related Party Transactions as defined hereunder. The Audit Committee of the Board is empowered to review and amend this policy from time to time.

## 2. PURPOSE

Birla Precision Technologies Limited ("BPTL" or "Company") is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India ("SEBI"). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions ("RPT") and also on dealing with Related Party Transactions.

This Related Party Transaction Policy ("the Policy") is in conformance with the Company's Code of Conduct for Business and Ethics which provides that all Directors and Senior Management Personnel are required to disclose all potential or actual conflict of interest and take action(s) to eliminate such conflict, if so required.

A. Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties.

B. The Board of Directors of the Company ("Board") on recommendation of the Audit Committee of the Company ("Audit Committee") shall review the Policy once in three years and may amend the same from time to time.

## 3. DEFINITIONS

A. "Act" shall mean the Companies Act, 2013 and includes any amendment thereof.

B. "Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest

C. "Material RPT"- means an RPT with thresholds as prescribed under the Listing Regulations.

D. "Material modification" means any subsequent change to an existing RPT, having variance of 20% of the existing limit or Rs.10 Crores whichever is lower.

E. "Ordinary course of business" means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association.

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F. "Promoter" and "Promoter Group" shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

G. "Related Party" shall have the meaning assigned to it under the LODR.

H. "Related Party Transaction (RPT)" shall have the meaning assigned to it under the LODR.

I. "Relative" means, relative as defined under the Companies Act, 2013. Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013, or Rules framed thereunder, SEBI (LODR), Regulations, 2015, shall have the meaning assigned to them therein

- i. The Companies Act, 2013, or the rules framed thereon;
- ii. Listing Regulations;
- iii. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

In case of any conflict between this Policy and applicable law, the applicable law (as existing on the date of the concerned transaction) shall prevail.

#### **4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

##### **Identification of related parties**

The Company shall identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

##### **Identification of related party transactions**

Each Director is responsible for providing notice to the Board or the Audit Committee regarding any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Audit Committee may reasonably request. The notice of any such potential Related Party Transaction should be given to the Audit Committee well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The Company shall identify related party transactions in accordance with Section 188 of the Companies Act, 2013 and Regulation 2(1) (zc) of the SEBI Listing Requirements. The Company shall determine whether the transaction is in the ordinary course of business and at arm's length basis.

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### **Process for monitoring of Related Party transactions**

All Officer In-Charge/Regional Heads/Business Heads would be required to proactively ensure that RPTs are entered in accordance with this Policy. Any non-compliance, if observed, must be reported to the Audit Committee.

### **Approval of Related Party Transactions**

#### **A. Audit Committee**

- I. All related party transactions and subsequent material modifications require prior approval of the Audit Committee.
- II. Only Members of the Audit Committee, who are Independent Directors, shall approve related party transactions. The Audit Committee shall have minimum 4 Directors as members. All members of Audit Committee shall have sound financial knowledge and at least one member shall have accounting or related financial management expert knowledge.  
**Explanation (1)** - For the purpose of this regulation, "Sound Financial Knowledge" shall mean the ability to read and understand basic financial statements i.e. balance sheet, profit and loss account, and statement of cash flows.  
**Explanation (2)** - For the purpose of this regulation, a member shall be considered to have accounting or related financial management expert knowledge if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a Chief Executive Officer, Chief Financial Officer or other Senior Officer with financial oversight responsibilities. The Chairperson of the Audit Committee shall be an Independent Director and he shall be present at Annual general meeting to answer shareholder queries.
- III. The Company Secretary shall act as the secretary to the Audit Committee.
- IV. The Audit Committee at its discretion shall invite the Finance Director or Head of the Finance function, Head of Internal Audit and a representative of the Statutory Auditor and any other such executives to be present at the meetings of the committee: Provided that occasionally the Audit Committee may meet without the presence of any executives of the listed entity.
- V. A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover, as per the last audited financial statements of the listed entity. Further, with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require

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prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

VI. The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- The Audit Committee shall after seeking guidance of the Board of Directors, specify the criteria for granting the omnibus approval in line with this Policy which shall include the following, namely:

- ✓ the name/s of the related party and its relationship with the company and/or its subsidiary, nature of transaction, period of transaction, maximum number of transactions, in aggregate, which shall be entered into in a year;
- ✓ the maximum value per transaction which can be allowed; the indicative base price/current contracted price and the formula for variation in the price, if any;
- ✓ transactions which cannot be subject to the omnibus approval by the Audit Committee; and
- ✓ Review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each omnibus approval made.

- ✓ such other conditions as the Audit Committee may deem fit.

- The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:

- ✓ Repetitiveness of the transactions (in past or in future).
- ✓ justification for the need of omnibus approval

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.

VII. 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.

VIII. The meetings of the Audit Committee shall be conducted in the following manner:  
The Audit Committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum for Audit Committee meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two Independent Directors.

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- IX. Such omnibus approval shall be valid for a period not exceeding 1 financial year and shall require a fresh approval of the Audit Committee after expiry of such financial year.
- X. In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:
- The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 25% of the annual consolidated turnover of the company as per its last audited financial statements.
  - The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the Policy.
- XI. For each category of transactions identified as per this Policy, the Company has a specific framework and guidelines explaining the arm's length criteria to be followed by the Company and/or the subsidiary, as may be applicable, while entering into transactions falling under contracts and agreements with related parties identified as per this Policy. The Company and/or the subsidiary, as may be applicable, while entering into RPTs will ensure adherence with the framework and guidelines and will maintain necessary documents for the same.
- XII. While seeking approval for a Related Party Transaction placed before the Audit Committee, the Audit Committee shall be provided with the information as required to be provided under the Act and the Listing Regulations.
- XIII. The Board may consider the details as required to be provided under the Act and the Listing Regulations to the Audit Committee, in order to determine if the transaction is in the ordinary course of business and at arm's length or not.
- XIV. The requirement for seeking Audit Committee approval for related party transactions shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company.
- XV. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
- Transactions which are not at arm's length or not in the ordinary course of business.
  - Transactions which are not repetitive in nature.
  - Transactions exceeding materiality thresholds as laid down in the Policy.
  - Transactions in respect of selling or disposing of an undertaking of the Company.

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- Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.

Any other transaction the Audit Committee may deem not fit for omnibus approval.

#### **B. Board of Directors**

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, are placed before the Board for its approval.

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

#### **C. Shareholders**

- I. All the transactions with related parties meeting the materiality thresholds, laid down in the Policy, and any material modifications thereto as defined in the policy will be placed before the shareholders for their approval.
- II. The notice being sent to the shareholders seeking approval for any proposed related party transaction shall, include information as required under the Act and the SEBI Listing Regulations.
- III. Where a related party transaction has been approved by the Audit Committee and shareholders prior to April 1, 2022, there shall be no requirement to seek fresh approval from the shareholders.
- IV. A related party transaction which has been approved by the Audit Committee prior to April 1, 2022, which continues beyond such date and become material as per the revised materiality threshold as specified in Policy above, then such related party transaction shall be placed before the shareholders in the first general meeting held after April 1, 2022.
- V. The omnibus shareholders' approval of material related party transactions approved in an annual general meeting shall be valid up to the date of the next annual general meeting for a period not exceeding fifteen months. Further in case of omnibus approval for material related party transactions, obtained from shareholder's in

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general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year.

- VI. All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for their approval.
- VII. For this purpose, no related party shall vote to approve the relevant resolution irrespective of whether the entity is a related party to the particular transaction or not.
- VIII. Pursuant to Regulation 23(5)(b) of the SEBI Listing Regulations and Section 188(1) of the Act the requirement for seeking shareholders' approval shall not be applicable, inter alia, to:
- Transactions entered between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
  - Transactions between two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
  - Above prior approval of the Shareholders shall not be required in cases where the subsidiary is a listed entity and Regulations 23 and 15(2) of the Listing Regulations are applicable to such listed subsidiary.
  - Also, requirements for shareholders' approval shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the exchanges within one day of the resolution plan being approved.

#### **D. Wholly Owned Subsidiary**

The provisions of regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly-owned subsidiaries, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

#### **E. Post Facto Approval**

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 Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto

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approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

**F. OTHER RPTS THAT DO NOT REQUIRE SPECIFIC PRIOR APPROVAL OF THE AUDIT COMMITTEE**

- Any transaction that involves compensation / remuneration to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.
- Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders including ESOPs.
- Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval.
- 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.
- Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Act.
- Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.
- Any other exception that is consistent with the Applicable Laws, including any rules or regulations made thereunder.

**5. REPORTING OF RELATED PARTY TRANSACTIONS**

- i) Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement
- ii) The details of all transactions with related parties shall be submitted, in the format specified, half yearly to the stock exchanges, as per the manner and timelines set-out in the Listing Regulations and the same shall be published on the Company's website.

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6. APPROVAL BY CIRCULAR RESOLUTION OF AUDIT COMMITTEE

In the event the Board determines that it is impractical or undesirable to wait until a meeting of the Audit Committee to enter into a Related Party Transaction, such transaction may be approved by the Audit Committee by way of Circular Resolution in accordance with this Policy and statutory provisions for the time being in force.

7. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy. This Policy shall be reviewed by the Audit Committee, as and when any changes are to be incorporated in the Policy due to change in law, rule, regulation or standard or as may be deemed appropriate by the Audit Committee. In connection with any review of a Related Party Transaction, the Audit Committee has the final authority to modify or waive any procedural requirements of this Policy.

8. DISCLOSURE OF THE POLICY

This Policy will be uploaded on the website of the Company.





PM/025/2022-23

October 19 2022

**BSE Limited**

Floor 25, P J Towers,  
Dalal Street,  
Mumbai - 400 001

**Scrip Code: 522105**

**Sub:** Details of Key Managerial Personnel under Regulation 30(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of Birla Precision Technologies Limited ("the Company")

**Dear Sir/Madam,**

Pursuant to Regulation 30(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below details of Key Managerial Personnel ("KMP") of the Company authorised individually or jointly to determine materiality of an event/s or information and for the purpose of making disclosures to Stock Exchanges.

Sr. No.	Name	Designation	Contact Details
1	Mr. Vedant Birla	Chairman & Managing Director (CMD)	Birla Mansion No.2, 1 <sup>st</sup> Floor, Prarthana Samaj, D.D. Sathe Marg, Mumbai-400004 Contact Details: +91-02223805060 Email id- cs@birlaprecision.com
2	Mr. Harish Pareek	Chief Financial Officer (CFO)	
3	Mr. Parth Matolia	Company Secretary (CS)	

Kindly take the same on record.

Thanking You,  
Yours faithfully,

**For Birla Precision Technologies Limited**

**Parth Matolia**  
Company Secretary & Compliance Officer



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