

Bajaj Consumer Care Limited

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Related Party Transaction Policy

(Amended on 06.05.2022)

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1. Introduction

In accordance with the Act and the Listing Regulations, the Board has based on the recommendations of the Audit Committee adopted the following policy and procedures with respect to Related Party Transactions.

2. Definitions

- (i) **“Act”** shall mean the Companies Act, 2013 and the rules made thereunder, as amended from time to time.
- (ii) **“Arm’s Length Transactions”** means a transaction . **between 2 (two) related parties that is conducted** as if they were unrelated, so that there is no conflict of interest.
- (iii) **“Audit Committee or Committee”** means the Audit Committee of the Board of Directors of the Company
- (iv) **“Board”** shall mean Board of Directors of the Company as constituted from time to time
- (v) **“Company”** shall mean Bajaj Consumer Care Limited.
- (vi) **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- (vii) **“Key Managerial Personnel”** means key managerial personnel as defined under the Companies Act, 2013 and includes
 - Chief executive officer or the Managing Director or the Manager;
 - Company Secretary;
 - Whole-time Director;
 - Chief Financial Officer;
 - Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - such other officer as may be prescribed under the Act
- (viii) **“Listing Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- (ix) **“Material Related Party Transaction”** means a transaction with a Related Party shall be considered material:
 - if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 Crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower or as amended from time to time.

- A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per its last audited financial statements
- (x) "Material Modification: means any modifications to the material related party transaction which shall result in:
- a. Impact on the value of transaction by [25] percent as compared to the approval given by the Audit Committee/ Board/ Shareholders earlier;
 - b. Changes in the material terms resulting into the transaction not being at arms's length;
 - c. Novation of RPT in favour of another group company, except where such novation is on account of any enforcement of law and other statutory requirements.
- (xi) "**Ordinary course of Business**" shall mean a transaction undertaken by the Company in the ordinary course of business which includes :
- A transaction carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time;
 - Historical practice with a pattern of frequency; or
 - Common commercial practice; or
 - Meets any other parameters/criteria as decided by Board/Audit Committee.
- (xii) "**Related Party**" means Related Party as defined in Section 2(76) of the Companies Act, 2013, and Regulation 2(zb) of the Listing Regulations and/ or under the applicable accounting standards, as amended from time to time.
- (xiii) "**Related Party Transaction**" or '**RPT**' means any transaction covered under the Companies Act, 2013, Listing Regulations and/ or under the applicable accounting standards, as amended from time to time **directly or indirectly involving any Related Party.**
- "Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract."*
- (xiv) "**Relative**" means relative as defined under the Companies Act, 2013, and rules prescribed thereunder as amended from time to time.
- (xv) "**subsidiary**" means a subsidiary as defined under Section 2 (87) of the Companies Act, 2013 and as amended from time to time
- (xvi) "**Unlisted subsidiary**" means a subsidiary whose securities are not listed on a recognized stock exchange.

3. Applicability

This Policy applies to transactions between the Company and one or more of its Related Parties and transactions to which unlisted subsidiary of a Company is a party but the Company is not a party. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

Transactions covered by this policy include any contract or arrangement with a Related Party with respect to transactions defined hereunder as "Related Party Transaction".

4. Policy

4.1 Identification of Related Party Transactions

4.1.1 The Responsible Person (Company Secretary/ Chief Financial Officer) shall at all times maintain a database of Company's Related Parties including subsidiary companies containing the names of individuals and Companies, identified on the basis of the definition set forth in Definition Clause above, along with their personal/Company details including any revisions therein.

4.1.2 The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.

4.1.3 Responsible Person shall collate the information, coordinate and send the Related Party List to the concerned employees which may include MD, CEO, Business Heads, Branch Heads, the Finance & Accounts Department and Statutory Auditors and who he believes might be in the position to conduct or know of the possible conduct of Related Party Transactions.

4.1.4 Irrespective of the materiality, prior approval of the Audit Committee will be sought for the following Related Party Transactions:

1. Transactions between the Company and its Related Parties
2. Transactions between a subsidiary and its related party if the annual value of all transactions of such subsidiary with that related party exceeds 10% of the annual consolidated turnover of the Company as per last audited Balance Sheet of the Company – _applicable for the financial year 2022-23.
3. Transactions between a subsidiary and its related party if the annual value of all transactions of such subsidiary with that related party exceeds 10% of the annual turnover of such subsidiary as per its last audited Balance Sheet – _applicable from the financial year 2023-24.
4. Transactions between the Company and / or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related Party of the Company or any of its subsidiaries – _applicable from the financial year 2023-24.
5. Any material modifications to approved RPTs.

4.1.5 In case the Company needs to enter into transaction with a Related Party, Functional departmental heads shall submit to the CFO and / Company Secretary

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Nature, material terms, monetary values, tenure and particulars of the contract / arrangement / transaction;
- d. Method and manner of determining the pricing and other commercial terms
- e. Whether the RPT is at arm's length
- f. Tenure of the proposed transaction (particular tenure shall be specified);
- g. Value of the proposed transaction;

- h. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);

- i. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- j. Justification as to why the RPT is in the interest of the Company
- k. A copy of the valuation or other external party report, if any such report has been relied upon;
- l. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- m. Any other information that may be relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

Along with the draft contract/ draft agreement.

4.1.6 Based on this note, Company Secretary will appropriately take it up for necessary prior approvals to the Audit Committee at its meeting and convey back the decision to the originator.

4.1.5 In case the Transactions are in the ordinary course and on Arm's Length the proposal will be placed before the Audit Committee of the Board for approval. In case the transaction either in the ordinary course of business or in the arm's length basis, the proposal shall be placed before the Board for approval based on the recommendation of the Audit Committee of the Board.

In determining, whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Transaction is in the interest of the Company and its stakeholders and there is no actual or potential conflict of interests between the Related Parties.

4.2 Materiality Thresholds for RPTs

Nature of Transactions	Materiality as per Companies	Materiality as per Listing Regulation
Sale, purchase or supply of any goods or materials directly or through appointment of agents	exceeding 10% of Turnover* or Rs. 100 Crores, whichever is lower	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover of the Company whichever is lower.
Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents	exceeding 10% of the net worth* or Rs. 100 Crores, whichever is lower	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover whichever is lower.
Leasing of property of any kind	exceeding 10% of the net worth* or exceeding 10% of the turnover* or Rs. 100 Crore whichever is lower	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover of the Company whichever is lower.
Availing or rendering of any services directly or through appointment of agents	exceeding 10% of Turnover* or Rs.50 Crores, whichever is lower	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover of the Company whichever is lower.
Appointment to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration	exceeding two and half lakh rupees (Rs.2,50,000)	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover of the Company whichever is lower.
Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	exceeding 1% of the net worth*	All transactions with one party exceeding Rs. 1000 crore or 10% of the annual consolidated turnover of the Company whichever is lower.
Payments to a related party with respect to brand usage or royalty	exceed two percent of the annual consolidated turnover*	All transactions with one party exceeding 5% of the annual consolidated turnover of the Company.

* as per Audited financial statements of the preceding financial year.

Provided that in the event of a conflict between the Companies Act, 2013, as amended and the Listing Regulations for determining the threshold for materiality of a Related Party Transaction, the stricter provisions shall prevail.

4.3 Review and approvals of Related Party Transactions

(i) Audit Committee

All related party transactions shall require prior approval of Audit Committee

- Every Related Party Transaction and subsequent material modification shall be subject to the prior approval of the Audit Committee and only those members of the Audit Committee, who are independent directors, shall approve related party transactions. whether at a meeting or by resolution by circulation or any other manner as provided by the Companies

Act, 2013 and rules made thereunder read together with the secretarial standards.

- Every related party transaction to which the unlisted subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee 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 consolidated turnover, as per the last audited financial statements of the Company and with effect from 1st April, 2023 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 unlisted subsidiary

The Audit Committee shall review the status of long-term (more than one year) or recurring RPTs on an annual basis.

- Omnibus Approvals :
- the Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on RTPs of the Company 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 Company;
- the omnibus approval shall specify:
- the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
- the indicative base price / current contracted price and the formula for variation in the price if any; and
- 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.

- 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 approvals given.
- Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year:
- For fresh approvals to related party transactions, Audit Committee shall review the omnibus approvals provided in the previous financial year with the actual value of transactions that took place and the revisions if any required during the next financial year taking into consideration the business conditions and prospective activities of the Company. The fresh omnibus approvals shall be given which again will be valid not exceeding one financial year

Provided that the transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its approval.

- Any member of the Committee who has a potential interest in any Related Party Transaction shall not remain present at the meeting when such Related Party Transaction is considered.
- To review a Related Party Transaction, the Committee shall be provided with the necessary information, to the extent relevant, with respect to actual or potential Related Party Transactions.
- The Audit Committee shall recommend the Related Party Transactions for approval of Board of Directors / Shareholders as per terms of this policy.

(ii) Approval of the Board

The Board shall approve such Related Party Transactions as are required to be approved under Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

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

- a) 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;
- b) 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.

- c) Material Related Party Transactions and subsequent material modification(s) as well as Related Party Transactions requiring shareholders' approval under Section 188 of the Companies Act, 2013 and Rules made thereunder, which are intended to be placed before the shareholders for approval.

Where any director is interested in any Related Party Transaction, such director shall not remain present at the meeting when Related Party Transactions is considered.

(iii) Approval of Shareholders

All Material Related Party Transactions as per point 4.2 or as defined under Listing Regulations and subsequent material modification whether in ordinary course of business and/or arm's length basis or not, shall require Shareholders' approval.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the Company to the Audit Committee;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details as provided to the Audit Committee;
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

All Related Party/ies shall not vote to approve the Transaction

The Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

In case the shareholders decide not to approve a Related Party Transaction, the Board / Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

4.5 Rules for Transactions with Related Parties which are in Ordinary Course of Business/ on arm's length except Specific Transactions

Transactions with Related Parties which are in Ordinary Course of Business of the Company and on arm's length and to which omnibus approvals are given shall be periodically reviewed by the Audit Committee/Board.

The Responsible Person shall ensure that details of such transactions are brought to the notice of Chairman & Managing Director and /or any other person so authorized and discussed with the Board at the next following meeting, as may be required.

Transactions being entered into with the Related Parties even though being in the ordinary course of business of the Company shall satisfy the criteria of arm's length pricing. It shall be the responsibility of the Responsible Person to ensure that requisite evidence and documentation are made available to the Auditors/Audit Committee/Board, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis.

4.6 Related Party Transactions not previously approved

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, including 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.

Where any contract or arrangement is entered into by a director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any director, or is authorized by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

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.

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

5. Maintenance of Records

5.1 Registers

The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained. from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.

The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

The register shall be preserved permanently and shall be kept in the custody of the Company Secretary /Chief Financial Officer of the Company or any other person authorized by the Board for the purpose.

5.2 Records relating to Related Party/ Supporting documents

a) Rent Agreement

- (i) Copy of draft agreement.
- (ii) Quotation from a property dealer/ advisor in the area in which the property is located or a nearby area.
- (iii) If quoted prices are substantially lower / higher than existing, to seek second quotation.

b) Purchase/ sale of property

- (i) Valuation reports from at least 2 independent valuers to ascertain Fair Market Value.
- (ii) Quotations from 2 independent property dealers/brokers.
- (iii) Draft copy of agreement to sell/Draft of proposed sale deed.
- (iv) Brief terms and conditions and justification of such transaction.

c) Purchase/sale of material, goods etc.

- (i) Copy of agreements/Purchase Orders/correspondence exchanged/ letters of exchange / bills/ invoices etc.
- (ii) Invoices/ bills of similar transactions on same date or nearby date with un-related parties from the seller.

(iii) Quotation from un-related service provider.

d) Availing/ Rendering Services

(i) Copy of Agreement/ MOU/ Correspondence etc.

(ii) Supporting documents justifying the transaction on arms' length basis.

e) Loans/ Advances given or Taken

(i) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013

(ii) Agreements

(iii) Statutory approvals wherever required.

(iv) Rate of Interest and justification for the same in view of nearest prevailing G-SEC rate for the term of the Loans/Advances (wherever applicable).

f) Subscription to shares/debentures/securities

Valuation Report or documents justifying that subscription is done/received at a rate on which placement has been made/shall be made to an un-related party.

g) Guarantee/ Securities

(i) Agreements.

(ii) Compliance of Section 185, 186 and other applicable provisions of the Companies Act, 2013 and rules there under.

(iii) Other documents justifying the same.

h) Other transactions

Agreements or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate.

6. Disclosures

Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual Report and to the Stock Exchanges

7. Policy Review and Amendments

The Board reserves the power to review and amend this Policy from time to time. The Board of Directors shall review the policy atleast once in every three years. All provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations,

Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder.

Information to be provided to shareholders for consideration of RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee as specified in point 4 above;
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.
