

Banka BioLoo Limited

[Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions]

Introduction

The Board of Directors of Banka BioLoo Limited (“Company”) has adopted the following policy and procedures with regard to the materiality of related party transactions (“RPT”), and also on dealing with related party transactions as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), and Companies Act, 2013 (Act).

- ✦ This Policy regulates all transactions between the Company and its related parties.
- ✦ The Board, on the recommendation of the Audit Committee, shall review the Policy once in three years, and may amend the same from time to time.

The Policy is framed to ensure due and proper compliance with the applicable statutory provisions and to fortify that proper procedure is defined and followed for approval / ratification and reporting of transactions, if any, as applicable, between the Company and any of its related parties. The provisions of this Policy are designed to govern the transparency of the approval process and disclosures requirements, to accord fairness in the treatment of related party transactions.

Definitions**

- ✦ “Act” means the Companies Act, 2013, as may be amended from time to time.
- ✦ “Audit Committee” means a committee of the Board of Directors of the Company, constituted under provisions of the Act and SEBI Listing Regulations.
- ✦ “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.
- ✦ “Board” means the Board of Directors of Banka BioLoo Limited.
- ✦ “Holding Company” shall have the meaning as specified under section 2(46) of the Act.
- ✦ “Related Party” in relation to the Company means a party related with the Company, in any of the ways as laid down in section 2(76) of the Act, Regulation 2(zb) of SEBI (LODR) Regulations, 2015, and INDAS -24 of accounting standards, as amended from time to time.

Presently, includes the following:

- 1) a director or relative thereof;
- 2) a key managerial person or relative thereof;
- 3) a firm, in which a director, manager or one's relative is a partner;
- 4) a private company, in which a director or manager or one's relative is a member or director;
- 5) a public company, in which a director or manager is a director and holds, along with one's relatives, more than 2% of its paid-up share capital;
- 6) any body 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, except advice/directions/instructions given in a professional capacity;
- 7) any person, on whose advice, directions, or instructions a director or manager is accustomed to act, except advice/directions/instructions given in professional capacity;
- 8) any body corporate, which is:
 - a. a holding, subsidiary or an associate company of such company; or
 - 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 (i.e. a body corporate, whose investment in the company would result in the company becoming an associate company of the body corporate);
- 9) a director other than an independent director or key managerial person of the holding company or one's relative;
- 10) any person / entity, forming part of the promoter or promoter group of the listed entity;
- 11) any person / entity, holding equity shares in the Company, as below, either directly or on a beneficial interest basis, at any time during the immediate preceding financial year:
 - to the extent of 10% or more
- 12) an entity is a related party under the applicable accounting standards.

Here the term "relative" means relative as defined under the Act, and includes 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 another in the following manner, namely:
 - a. Father (including step-father)
 - b. Mother (including step-mother)
 - c. Son (including step-son)
 - d. Son's wife
 - e. Daughter

- f. Daughter's husband
- g. Brother (including step-brother)
- h. Sister (including step-sister)

✚ "Related Party Transaction (RPT)" means a transaction in the nature of a contract involving the transfer of resources, services or obligations between the Company and the related party, regardless of whether a price is charged.

The RPT shall include transactions between:

- 1) "Company or its subsidiaries" on the one hand and "related party of Company or its subsidiaries" on the other hand; or
- 2) "Company or its subsidiaries" on one hand and "any person / entity with a purpose and effect to benefit the related parties of Company or its subsidiary" on the other hand, w.e.f. 1 April 2023.

Explanation – A "transaction" with a related party shall be construed to include a single or a group of transactions in a contract.

However, the following shall not be a related party transaction:

- a) Issue of securities to related parties on a preferential basis under ICDR Regulations, 2018,
- b) Corporate actions, which are uniformly applicable to all shareholders, such as:
 - Payment of dividend
 - Subdivision / consolidation of securities
 - Right issue / bonus issues
 - Buy-back of securities

✚ "Material Related Party Transaction" means a transaction with a related party, where the transaction(s) to be entered into, individually or together with previous transactions with a related party during a financial year, exceeds the threshold/criteria, as defined under the Act or SEBI Listing Regulations.

✚ "Material Modification" in terms of SEBI Listing Regulations means any modification in the pricing, quantity or overall transaction value, having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

✚ "Ordinary Course of Business" for the purpose of this policy will cover the businesses of the Company, usual transactions, customs and practices of a business, including incidental and/or facilitative activities of the business of the Company. The following factors have been considered for the determination of whether the transactions are in the ordinary course of business:

- The objects of the Company permit the activities undertaken;
- There is a historical practice to conduct such activities;
- There is a pattern of frequency to conduct such activities over a period of time; and
- The transactions are common in industrial practice.

✚ “Subsidiary Company” shall have the same meaning as specified under section 2(87) of the Act.

✚ “Turnover” shall have the same meaning as specified under section 2(91) of the Act.

✚ “Wholly-Owned Subsidiary” means when a company holds 100% of shares of another company.

** any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, and SEBI Listing Regulations, or any other applicable law or regulation, and in case of any dispute or difference on the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term/ provision, the Audit Committee may seek help of any officer of the Company or an outside expert as it deems fit.

Identification of Potential Related Party Transactions

Every Director, key managerial person and senior management persons are responsible for providing notice to the Board or the Audit Committee, of any potential related party transaction, involving him/her or one's relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a related party transaction, requiring compliance with this Policy.

All Directors are required to declare and disclose their concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year, and subsequently whenever there is any change in disclosure. In addition, the Directors shall ensure that any business transactions entered into between the Company and themselves, comply with the terms of this Policy.

The Company prefers to receive such notice (or any changes thereof) of any potential related party transaction, well in advance, so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

Mechanism for Review and Approval of RPT and Subsequent Material Modification

- ✚ Transactions, which are at arm's length and in ordinary course of business
 - a) Every related party transaction [and subsequent material modification] shall be subject to prior approval of the Audit Committee; only Independent Directors shall approve.
 - b) Prior approval of shareholders by way of ordinary resolution if such RPTs are “material related party transactions” as defined above.

- ✚ Transactions, which are either not at arm's length and / or not in ordinary course of business
 - a) Every related party transaction [and subsequent material modification] shall be subject to prior approval of the Audit Committee; only Independent Directors shall approve.
 - b) Prior approval of Board of Directors.
 - c) Prior approval of shareholders by way of ordinary resolution if such RPTs are "material related party transactions" as defined above.

- ✚ Transactions to which a subsidiary of the Company is a party but the Company is not a party

Prior approval of Audit Committee, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year:

- Exceeds 10% of the annual standalone turnover of the subsidiary

Note –

- i. "Turnover" shall be as per the last audited financial statements.
- ii. Prior approval of shareholders of the Company shall not be required for such transaction where the subsidiary is listed in stock exchange and Reg. 23 and 15 (2) of SEBI Listing Regulations are applicable.

The threshold limits for related party transactions

Audit Committee	Board of Directors	Shareholders
<ul style="list-style-type: none"> ▪ Every related party transaction [and subsequent material modification] 	<ul style="list-style-type: none"> ▪ Related party transactions referred by Audit Committee for approval of the Board. ▪ Related party transactions requiring shareholders' approval. ▪ Any related party transaction, which is not in the ordinary course of business and/or not at arm's length. 	<ul style="list-style-type: none"> ▪ All material related party transactions [and subsequent material modifications] ▪ Any related party transaction, which is not in the ordinary course of business and/or not at arm's length.

Important Clarifications

- As per SEBI clarification dated 30 March 2022, the related party transactions that has been approved by the Audit Committee and shareholders prior to 1 April 2022, there shall be no requirement to

seek fresh approval from the shareholders, and related party transaction that has been approved by the Audit Committee and becomes material, shall be placed before the shareholders in the first general meeting held during the financial year.

- As per SEBI clarification dated 8 April 2022, related party transactions approval is valid for a period of one year, and after the expiry period, a fresh approval is required. In this regard, clarification is issued that the validity of approval shall be up to the next AGM, which should not exceed 15 months from the date of the last AGM. However, approvals for material RPTs obtained in shareholder meetings other than AGMs shall be valid for a period not exceeding one year.
- In terms of Regulation 23(5) of SEBI Listing Regulations, the approval of the Audit Committee and shareholders shall not be required for the transactions:
 - i. Entered into between the Company and its wholly-owned subsidiary, whose accounts are consolidated with such holding company and placed before the shareholders at the General Meeting for approval.
 - ii. Entered into between 2 wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- If any additional related party transaction is to be entered into by the Company, post the aforesaid approval granted by the Audit Committee / Board / shareholders, then the Company shall present such transaction before the Audit Committee / Board / shareholders in its ensuing meeting for its prior approval.

✚ Omnibus Approval by Audit Committee

The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company, subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy, and such approval shall be applicable in respect of transactions that are repetitive in nature.
- b) The Audit Committee shall satisfy itself with the need for such omnibus approval and that such approval is in the interest of the Company.
- c) Such omnibus approval shall specify:
 - the name/s of the related party, nature of the transaction, period of transaction, the maximum amount of transaction that can 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.
- d) 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 ₹1 (one) crore per transaction.
- e) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company, pursuant to each of the omnibus approval given.
- f) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

Caveats

✚ Restrictions on participation by interested directors

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution, relating to such contract or arrangement.

✚ Voting by related parties

No related party shall vote to approve RPTs requiring shareholders' approval, irrespective of whether the entity is a related party to the particular transaction or not.

Explanation –

No related parties shall vote to appoint/reappoint any related parties in general meetings.

Related Party Transactions Not Approved Under This Policy

In the event the Company becomes aware of any transaction with a related party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.

The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transaction (including reasons for failure to report such transaction), and evaluate all options available to the Company, including ratification, revision or termination of the same.

Disclosures

- ✚ Related party transaction, with proper justification, shall be disclosed in the Director's Report.
- ✚ The Company shall submit information related to RPTs to the stock exchange every six months in the format specified by SEBI, with the following timelines:

- a) within 15 days from the date of publication of financials;
- b) simultaneously with the financials w.e.f. 1 April 2023.

Note – the aforesaid information shall simultaneously be published on its website.

- ✚ Material RPTs shall be provided in the notice to shareholders.
- ✚ Details of all material transactions with related parties shall be disclosed quarterly, along with the compliance report on corporate governance.

This policy shall be hosted on the website and a link to the same shall be provided in Annual Report.

Policy Review

The Policy shall be, periodically, reviewed by the Board of Directors in terms of the requirements of the SEBI Listing Regulations, as amended from time to time. In case of any subsequent change in the provisions of the Act and SEBI Listing Regulations or such other regulations, which makes any of the provisions in the Policy inconsistent, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

This Policy was adopted pursuant to SEBI notification dated 9 November 2021, read with clarification issued by SEBI dated 30 March 2022 and 8 April 2022, by the Board of Directors at its meeting held on 30 May 2022 as per the recommendations of the Audit Committee.
