

Balaxi Ventures Limited

POLICY ON RELATED PARTY TRANSACTIONS

1) SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulation"), Balaxi Ventures Limited ("BVL" or "the Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, BVL has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

2) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3) DEFINITIONS

"Arm's Length Transaction ('ALP')" 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 ('OCB')" means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') of the Company as amended from time to time, or
- historical practice with a pattern of frequency, or
- in connection with the normal business carried on by the Company, or
- the income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or
- common commercial practice, or
- meets any other parameters / criteria as decided by the Board/Audit Committee.

Balaxi Ventures Limited

“Material Related Party Transactions”, will have the same meaning as defined in Regulation 23.

“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 Regulation 2(1)(zb) of the SEBI Listing Regulations.

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

“Related Party Transactions” have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, as envisaged in Section 188(1) of the Act.

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

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4) MATERIALITY THRESHOLDS

Regulation 23 of the Listing Agreement requires a company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a ordinary resolution. BVL has fixed its materiality threshold at 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

5) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of related parties

Related Parties are those who are 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.

b) Identification of related party transactions

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing

Balaxi Ventures Limited

Requirements. 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 opinion, if necessary.

c) Procedure for approval of related party transactions

I. Approval of the Audit Committee

a. 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 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 INR 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 approval given;
- Such omnibus approval shall be valid for One year and shall require a fresh approval after expiry of such financial year.

b. The Audit Committee shall also empowered to grant prior blanket approval for the related party transactions which are not materialized or which the transaction value cannot be ascribed on an upfront basis or such other transaction of similar nature. However such transactions shall be reported to the Audit Committee on a post transaction basis and should obtain the approval of the committee on a quarterly basis.

II. 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, are placed before the Board for its approval.

III. Approval of the Shareholders of the Company

Balaxi Ventures Limited

All the transactions with related parties meeting the materiality thresholds, laid down in Clause 4 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.

Regulation 23(5)(b) of the SEBI Listing Regulations and Section 188(1) of the Act provides that the requirement for seeking shareholders' approval shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with the Company.

In addition to the above, 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 are placed before the shareholders for its approval.

6) DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

7) RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS 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.
