

ANNEXURE VI



RELATED PARTY TRANSACTION POLICY
(Revised as on May 30, 2022)

1. INTRODUCTION

The Board of Directors (the “Board”) of The Byke Hospitality Limited (the “Company”), has adopted this policy on materiality of related party transactions and on dealing with related party transactions (the “Policy”) to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval.

2. SCOPE AND PURPOSE OF THE POLICY

Related Party Transaction is a transaction/ deal/ arrangement between two related parties for the transfer of resources, services or obligations, irrespective of whether a price is charged and it can have an effect on the statement of profit or loss and financial position of an entity. To safeguard the interest of members and stakeholders of the company, The Byke Hospitality Limited (“Company”) has formulated a policy for identification of related parties & proper conduct and documentation of all related party transactions.

The policy is framed as per the requirement of the Companies Act, 2013 (“Act”) read with the Rules framed thereunder & Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), 2015. This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Further, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

As per the Sixth Amendment to the Listing Regulations dated 9th November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021, there is a requirement to amend the Related Party Policy and this amended policy will effective from April 01, 2022.

3. OBJECTIVE

The objective of the Policy is to ensure proper approval, disclosures and reporting of the transactions entered between the Company and its Related Parties. This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made thereunder (the Act), Accounting Standard AS-18 issued by the Institute of Chartered Accountant of India (AS-18) and regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), 2015, as amended or re-enacted from time to time and which relate to the identification of the Related Parties, wherever required.

4. DEFINITIONS

All words and expressions used herein, unless defined herein, shall have the same meaning as assigned to them in the Applicable Law under reference.

- a. **“Act”**: the Companies Act, 2013
- b. **“Arms’ Length Transactions”**: The expression “Arm’s Length Transaction” shall mean:
 - (a) The transaction carried on between the Company and the Related Party on similar terms and conditions as of a unrelated party, including the price, and

- (b) Such price charged for the transactions to a Related Party has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines prescribed under the Income-tax Act, 1961.
- c. **“Relative”** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.
- d. **“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Provided that any person or entity forming a part of the promoter or promoter group of the Company; or any person or entity, holding equity shares of 20% or more in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year shall be deemed to be a related party (effective from 1st April 2022). The threshold is set to be lowered to 10% w.e.f. 1st April 2023.

- e. **“Related Party Transaction”** have the meaning as defined under Section 188 (1) of the Companies Act, 2013 and Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, as amended.

Regulation 2(1)(zc) of the Listing Regulations:

With effect from April 1, 2022, “related party transaction” would mean a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand;

With effect from April 1, 2023, “related party transaction” would mean a transaction involving a transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries.

Regardless of whether a 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.

- f. **“Material Transactions”** means a Related Party Transaction(s) shall be considered material if the transaction(s) to be entered into with a Related Party individually or taken together with previous transaction(s) during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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, 10% (ten percent) of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

g. **“Material Modification”** shall mean and include any modification to existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/Board/Shareholders, as the case may be.”

h. **“Ordinary Course of Business:** shall mean and include:

- (i) the usual transactions, customs and practices carried on generally in the automotive component manufacturing industry and also by the Company as well. However, it shall not include the following transactions:
 - (a) Complex equity transactions such as corporate restructuring or acquisitions.
 - (b) Any unusual transaction/s with an off shore entity.
 - (c) Leasing of surplus space in the premises or rendering of management services by the Company to any Related Party without adequate consideration, and vice versa.
 - (d) Sales transactions with unusually large discounts or returns.
 - (e) Transactions with circular arrangements viz. sales with a commitment to repurchase.
 - (f) Transactions under contracts, whose terms are changed before expiry having material adverse impact on the Company
- (ii) In the light of (i) above, the following transactions shall, inter alia, be deemed to have been made in the ordinary course of business:
 - (a) Any transaction covered in the Main Objects or the Objects incidental to attainment of the Main Objects, as envisaged in the Memorandum and Articles of Association of the Company.
 - (b) Any transaction which is usually carried on by any Company having similar business within India or overseas.
 - (c) Any transaction which has been done by the Company frequently in the last three years.
 - (d) Any transaction done with a Related Party on similar basis as of a Third Party.

5. IDENTIFICATION OF RELATED PARTIES

- 4.1 Every Director or Key Managerial Personnel is required to give written notice to the Company along with all the relevant details and documents whenever he/she wishes to enter into a Related Party Transaction with the Company involving either him/ her or his /her Relative. .
- 4.2 Notice of any Related Party Transaction, referred to in Clause 4.1, shall be given well in advance so that the Company has adequate time to obtain additional information or documentation about the proposed Related Party Transaction, if necessary, which is required to be placed before the Audit Committee to enable it to approve the Related Party Transaction.
- 4.3 Every Director, Key Managerial Personnel shall also make annual disclosures as under:
 - a. List of Relatives as defined in Point c of clause 3 above.
 - b. List of private companies where the Company’s Director or his relative is either a

- director or a member.
- c. List of firms where the Company's director or his relatives are a partner.
 - d. List of Public companies in which any director of the Company is also a director and he, along with his/her relatives also holds more than 2% of the Share Capital.
- 44 Every Director and Key Managerial Personnel shall also promptly intimate any change in the annual disclosures mentioned in Clause 4.3.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval by the Audit Committee:

- 5.1 The Company shall not enter into any Related Party Transactions with any Related Party without prior approval of the Audit Committee.
- 5.2 The Notices received from the Directors and Key Managerial Personnel referred to in Clause 4 shall be forwarded to the Company Secretary with direction to convene a meeting of the Audit Committee.
- 5.3 The Company Secretary shall convene a meeting of the Audit Committee, as directed, and shall place all the relevant information/documents relating to the proposed Related Party Transaction(s) before the Audit Committee, which inter- alia shall include:
- (a) The name of the Related Party and nature of relationship;
 - (b) The nature, duration and particulars of the proposed contract or arrangement; such as business purpose of the transaction, the benefit of the contract or arrangement to both the Company and the Related Party etc.
 - (c) The material terms and conditions of the contract or arrangement including the value, if any;
 - (d) Any advance paid or received for the contract or arrangement, if any;
 - (e) The manner of determining the pricing and other commercial terms, both included as part of contract and also not considered as part of the contract;
 - (f) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
 - (g) Any other information relevant or important for the Audit Committee and/or Board of Directors to take a decision on the proposed Related Party Transaction.
- 5.4 The Audit Committee will consider the information/documents related to Related Party Transactions placed before it and either approve or reject the same on merit.
- 5.5 If any member of the Audit Committee is interested in any Related Party Transaction with a Related Party, such member shall not be present at the Audit Committee Meeting, neither during the discussions on the subject matter nor at the time of voting on the resolution relating to such Related Party Transaction.
- 5.6 Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transaction entered in to by the Company pursuant to each of the omnibus approval given.
- 5.7 Approval given by the Audit Committee shall be valid for not exceeding one year and shall require fresh approvals after the expiry of one year.

B. Approval of the Board:

- 5.8 The following Related Party Transactions shall, after the approval of the Audit Committee, also be placed before the Board of Directors for approval:
- a. Transactions not in arm's length.
 - b. Transactions not in ordinary course of business.
 - c. Material transactions defined in point f of Clause 03.
- 5.9 The Board of Directors shall consider the information/documents placed before it and either approve or reject the proposed Related Party Transactions with a Related Party, referred to in Clause 5.8.
- 5.10 The Board of Directors shall also obtain approval of the shareholders by way of a Special Resolution for the approval of the Related Party Transactions.
- 5.11 The Board of Directors shall, for the purpose of Clause 5.10, decide whether the approval of the Related Party Transactions by the shareholders shall be sought at the General Meeting or through Postal Ballot.
- 5.12 If the approval of the shareholders is proposed to be sought at the General Meeting, the Board of Directors shall fix the date of such General Meeting and shall also approve the Notice and the Explanatory Statement of the same. The Explanatory Statement to be attached to such Notice shall inter alia include the following particulars:
- a. Name of the Related Party ;
 - b. Nature of relationship;
 - c. Nature, material terms, monetary value and particulars of the contract or arrangement;
 - d. Any other information which is relevant to enable the shareholders to take an informed decision.
- 5.13 In case approval is proposed to be sought through Postal Ballot, the Board of Directors shall approve the Notice and Explanatory Statement (including therein the particulars mentioned in (a) to (e) of Clause 5.12) of the same and the Special Resolution proposed to be passed by the shareholders.
- 5.14 If any director is interested in any Related Party Transaction with the Related Party, he/she shall not be present at the Board Meeting, neither during the discussion on the subject matter, nor at the time of voting on the resolution relating to such Related Party Transaction.

C. Approval by the Shareholders:

- 5.15 No transaction, contract or arrangement referred to in Clause 5.8 and require prior approval of shareholders shall be carried out/entered into with a Related Party, without the prior approval of the shareholders by way of a Special Resolution.
- 5.16 The Notice and Explanatory Statement for approval of the Related Party Transactions by the shareholders at a General Meeting or through a Postal Ballot:
- i. Shall be sent to the shareholders at least 21 clear days (twenty one days) in advance, and;
 - ii. Shareholders shall be given option to cast their votes through e-voting.
- 5.17 No Related Party shall vote on such Special Resolution relating to any transaction,

contract or arrangement which is proposed to be entered into by the Company, with such Related Party.

7. RATIFICATION OF EXCEPTIONAL CASES

- 6.1 If Company becomes aware of any transaction with a related party which has not been approved in accordance with policy prior to its execution, the matter shall be reviewed by the Audit Committee.
- 6.2 Any transaction, contract or arrangement entered into by the Company with a Related Party, without obtaining the consent of the Board of Directors or approval of shareholders by a Special Resolution of the General Meeting, can in genuine cases be ratified by the Board of Directors or the shareholders at a General Meeting, as permitted in the Act.
- 6.3 If the approval sought from the Board of Directors and the shareholders under Clause 6.1, is not granted, the transaction, contract or arrangement shall stand cancelled with immediate effect and the Director or the concerned employee shall be liable to indemnify the losses, if any, caused to the Company on account of the said Related Party Transaction.
- 6.4 For the purpose of indemnification of loss, as referred to in Clause 6.2, the Company shall have the option to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of the Act, for recovery of such loss.

8. RESTRICTIONS ON RELATED PARTY TRANSACTION

- 7.1 All related party transaction shall require prior approval of the Audit Committee, however the Audit Committee may grant omnibus approval for Related Party Transaction proposed to be entered in to 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 the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
 - c) Such omnibus approval shall specify the following details as prescribed under SEBI (LODR) Regulation, 2015 & Companies Act, 2013

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 Rs. 1 Crore per transaction.

9. DISCLOSURES

- 8.1 The Company shall maintain a register pursuant to Section 189 of the Act and enter therein the particulars of all the Related Party Transactions with a Related Party.
- 8.2 Every transaction, contract or arrangement entered into with Related Parties shall be

referred to in the Report of the Board of Directors to the shareholders along with the justification for entering into such transaction, contract or arrangement.

- 83 Details of all material transactions, as defined in Clause 2.02, with Related Parties shall be disclosed to the Stock Exchanges where the securities of the Company are listed, on quarterly basis along with the compliance report on corporate governance pursuant to Clause 49.

10. MISCELLANEOUS

- 9.1 This Policy shall be deemed to have come into force w.e.f. date of its adoption.
- 9.2 The Policy shall also be uploaded on the website of the company i.e. www.thebyke.com and a web link thereto shall be provided in the Annual Report.
- 9.3 If any provision of this Policy contravenes any provision of the Act, and SEBI (LODR) Regulation, 2015, that provision of this Policy shall always be deemed to have been amended since inception in line with the applicable provisions of the Act, AS-18 and Clause 49.

The parties which are covered under the definition of Related Party in terms of the Accounting Standard – 18 issued by the Institute of Chartered Accountants of India but not covered under this Policy, transactions with such party(ies) shall be governed in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

Effective Date: April 01, 2022

Date of the approval by the Board: May 30, 2022

Anil Patodia
(Managing Director)

Date: May 30, 2022

Place: Mumbai