

BALKRISHNA INDUSTRIES LIMITED

**POLICY ON MATERIALITY OF RELATED
PARTY TRANSACTIONS**

**AND DEALING WITH RELATED PARTY
TRANSACTION**

PREFACE:

Policy Title	Policy on Materiality of Related Party Transactions And Dealing with Related Party Transaction
Version Number	1.1
Effective Date	2 nd August, 2014
Authorised by	Board of Directors
Number of Revisions	1 (One)
Last Revised Date	17 th May, 2018

Introduction

Balkrishna Industries Limited (the “Company”) recognizes that related party transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its stakeholders' best interests.

Scope

This policy sets definition of materiality of related party transactions and dealing with related party transactions.

Terms and Reference

Materiality of related party transactions

Contracts / arrangements with a related party shall be considered as “material related party contracts / arrangements if the transaction(s) to be entered into individually or taken together with previous transactions 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 as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) or as per applicable laws amended from to time.

Policy

- All related party contracts / arrangements shall be entered on arms' length basis.
- In exceptional circumstances, where permitted by law, related party contracts /arrangements may deviate from the principle of arm's length, after approval from Audit Committee, Board or Shareholders, if applicable.

- All related party contract / arrangements shall comply with the Companies Act, 2013 (“Act”) as amended from time to time.
- All related party contract / arrangements shall comply with Listing Regulations as amended from time to time.
- All related party contract / arrangements shall comply with Accounting Standards as amended from time to time.
- All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under applicable provision of Income Tax Act, 1961, as amended from time to time including certification from independent accountants under the Transfer Pricing Regulations.
- All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under applicable provision of Income Tax Act, 1961, as amended from time to time including certification from independent accountants under the Transfer Pricing Regulations.
- All related party transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance of applicable provisions, of Act and of Listing Regulations as amended from time to time.
