

RELATED PARTY TRANSACTION POLICY**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 the necessity of such Transaction, Bird Machines Limited (herein after refer as "**THE COMPANY**") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Regulation 23(1) of the SEBI Listing Regulations provide that every listed company required to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, **THE COMPANY** has framed this Policy on Related Party Transactions ("**RPT Policy**"). The amendment to this Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee and shall be effective from the Date specified in such resolution or otherwise from the date of passing of such resolution. Further, the Audit Committee would review and amend the Policy, whenever requires, subject to the approval of the Board from time to time.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the threshold limit to determine the materiality of related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties Subject to Compliance with the provision of the Act, the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

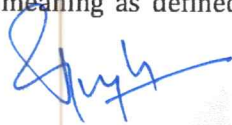
3. DEFINITIONS

"**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/wherein:

- 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 is as per historical practice with a pattern of frequency, or is 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
- is common commercial practice or meets any other parameters/criteria as decided by the Board/Audit Committee.

"**Material Related Party Transactions**" shall have the same meaning as defined in Regulation 23 of the SEBI Listing Regulations.


BIRD MACHINES LIMITED

(Formerly known as Bird Machines Private Limited)

"Relative" in relation to a related party shall have the same meaning assigned to in Section 2(77) of the Companies Act 2013.

"Related Party" shall 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" shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations or as envisaged in Section 188(1) of the Companies Act, 2013.

"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 SEBI Listing Regulations requires the Company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a resolution.

The following transaction shall be considering as Material Transaction

- Transaction with related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
- 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 listed entity as per the last audited financial statements of the listed entity.

5. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

- **Identification of related parties**

The Company has formulated guidelines for identification and updating the list of related parties as 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.

- **Identification of related party transactions**

For Bird Machines Limited



Director

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 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.

Review of the policy by the Board of Directors:

- The policy shall be reviewed by the Board of Directors one in every three years and update accordingly.

Procedure for approval of related party transactions

- **Approval of the Audit Committee**

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:

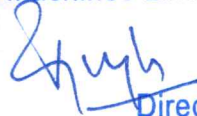
- The Audit Committee shall lay down the criteria for granting the omnibus approval ~~in line with the Policy and such approval shall be applicable in respect of repetitive transactions;~~
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide in details as follows:
 - (i) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transactions, in aggregate, that can be entered into in a year, maximum value per transaction which can be allowed
 - (ii) The indicative base price/current contracted price and the formula for ~~variation in the price, if any and~~
 - (iii) Transactions which cannot be subject to the omnibus approval by the Audit Committee and
 - (iv) 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 Rs. 1 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 ~~contractual agreements;~~
- Such omnibus approval shall be valid for a period not exceeding one financial year and shall require a fresh approval after expiry of such financial year.

For each category of transactions identified as per the criteria specified in this policy, the Company has a specific framework and guidelines explaining the arm's length criteria to be followed by the Company, while entering into transactions falling under contracts and agreements with related parties identified as per Clause 5.1 of this

For Bird Machines Limited

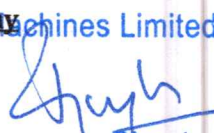

Director

policy. The Company while entering into RPTs will ensure adherence with the framework and guidelines and will maintain necessary documents for the same.

In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

- The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 25% of the annual consolidated turnover of the company as per its last audited financial statements.
- The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 4 of the Policy.
- While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee/Board may review the following documents /seek inter alia the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
 - Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
 - Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
 - Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
 - Bench marking information that may have a bearing on the arm's length basis analysis, such as:
 - Market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - Third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 - Management assessment of pricing terms and business justification for the proposed transaction;
 - Comparative analysis, if any, of other such transaction entered into by the company.
- Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - i) Transactions which are not at arm's length or not in the ordinary course of business.
 - ii) Transactions which are not repetitive in nature
 - iii) Transactions exceeding materiality thresholds as laid down in Clause of the Policy
 - iv) Transactions in respect of selling or disposing of an undertaking of the Company
 - v) Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties.
 - vi) Any other transaction of the Audit Committee may deem not fit for omnibus approval

Approval of the Board of Directors of the Company

For Director

Director

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.

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

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) Require Board approval in addition to Audit Committee approval;
- 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;
- 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.
- Transactions meeting the materiality thresholds laid down Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

Approval of the Shareholders of the Company

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.

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.

For this purpose, no related party shall vote to approve the relevant resolution irrespective of whether the entity is a related party to the particular transaction or not.

Pursuant to Regulation 23 (5) (b) of the SEBI Listing Regulations and Section 188(1) of the Act 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.

6. DISCLOSURES

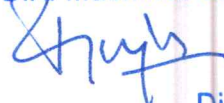
The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

The Company shall also provide details of all related party transactions, meeting the materiality threshold in accordance with the provision as specified in the Act and the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015.

Standalone and consolidated financial results for the half year ending, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the Stock Exchange.

As prescribed under Regulation 46(2)(g) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website.

For Bird Machines Limited



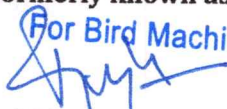
Director

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.

For and on behalf of
BIRD MACHINES LIMITED
(Formerly known as Bird Machines Private Limited)

For Bird Machines Limited


Prabhjyoti Singh
Managing Director *Director*
DIN 01952285