

RELATED PARTY TRANSACTION POLICY

INTRODUCTION

The Board of Directors (the "Board") of Bits Limited ("the Company") has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company

Definitions

- "Act" means Companies Act, 2013
- "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
- "Arm Length Price" means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions
- "Audit Committee" means Committee of Board of Directors of the Company constituted according to Listing Agreement and Companies Act, 2013
- "Associate" means a company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements".
- "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:
- "Loan" means the act of giving money, property or other material goods to another party in exchange for future repayment of the principal amount along with interest or other finance charges. A loan may be for a specific, one-time amount or can be available as open-ended credit up to a specified ceiling amount.
- "Material Related party Transactions" shall mean a transaction as defined as material in Clause 49(VII)(C) of the Listing Agreement or any other law or regulation including any amendment or modification thereof, as may be applicable.

- “Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
- “Relative” shall mean “relative” as defined in section 2(77) of the Companies Act, 2013 and rules prescribed there under.
- Related Party Transaction means transfer of resources, services or obligations between related parties, regardless of whether or not a price is charged.
- Related Party means an individual, entity, firm, body corporate or person as defined in section 2(76) of the Act and Clause 49(VII) (B) of the Listing Agreement.
- “to any other person in whom director is interested” means—
 - (a) any director of the lending company, or of a company which is its holding company or any partner or relative of any such director;
 - (b) any firm in which any such director or relative is a partner;
 - (c) any private company of which any such director is a director or member;
 - (d) any body corporate at a general meeting of which not less than twenty – five per cent. of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or
 - (e) any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her 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. The Company strongly prefers to receive such notice 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.

Related party transaction which are in Ordinary Course of Business/ on arm's length

Transactions with Related parties which are in Ordinary Course of Business of the Company and on arm's length shall be periodically disclosed to the Audit Committee/Board. It shall ensure that details of such transactions are discussed with the Board at the next following meeting, as may be required. Transactions being entered into with the related parties even though being in the ordinary course of business of the company shall satisfy the criteria of arm's length pricing. It shall be ensure that requisite evidence and documentation are made available to the Audit Committee/Board, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis.

PROCEDURE

Transactions with the approval of board of directors and/ or committees

- Related Party Transaction shall be placed before the audit committee prior to entering in the transaction. However, the Audit Committee may grant omnibus approval for related party transaction proposed to be entered into by the company subject to the fulfill of certain conditions given in clause 49 of listing agreement.
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year
- Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- Audit Committee will undertake an evaluation of the transaction and approve or disapprove the transaction and if approve then recommend to the Board for its approval
- Related Party Transaction is determined by the board of directors of the company and shall be approved by the majority of directors disinterested in the transaction
- No director shall participate in the approval of a Related Party Transaction for which he or she is a Related Party, except that the director shall provide all material information concerning the Related Party Transaction to the Committee.

Transaction with the Approval of Shareholders

In the event, if the related party transaction requires shareholders approval., then board shall recommend it to the shareholders of the company for their approval and In General Meeting shareholders of the Company shall discuss and approve or disapprove the interested transaction.

If any member of company is a related party as per this policy, such member of the company shall not vote on resolution passed for approving such related party transaction.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

INTERPRETATION

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to conform to the law, rule, regulation or standard.

AMENDMENT IN POLICY

The Audit Committee can recommend amendment in this Policy which shall be approved by the board of directors of the company.

Any policy update or renewal would be communicated to all the persons to whom this policy is applicable