



BHARAT ROAD NETWORK LIMITED (BRNL)

RELATED PARTY TRANSACTIONS (RPTs) POLICY

(Pursuant to Regulation 23 of SEBI (LODR) Regulations, 2015)

1. Preamble

The Related Party Transactions Policy provides a framework to regulate transactions between Bharat Road Network Limited (“Company”) and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Definitions

“**Related Party**” means related party as defined in Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which interalia provides that an entity shall be considered as related to the Company if:

- (a) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (b) such entity is a related party under the applicable Accounting Standards.

Further, any person or entity belonging to the promoter or promoter group of the Company and holding 20 per cent or more of the shareholding in the Company shall also be deemed to be related party.

Pursuant to Section 2(76) of the Companies Act, 2013, related party with reference to a Company, means:

- i. a Director or his relative ;
- ii. a Key Managerial Personnel (KMP) or his relative ;
- iii. a Firm, in which a director, manager or his relative is a partner ;
- iv. a Private Company in which a director or manager or his relative is a member or director ;
- v. a Public Company in which a director or manager is a director and holds along with his relatives, more than 2% (two per cent) of its paid-up share capital ;
- vi. any body corporate whose board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person under whose advice, directions or instructions a director or manager is accustomed to act;

Provided that nothing in sub-clauses vi and vii shall apply to the advice, directions or instructions given in a professional capacity;
- viii. any body corporate which is a holding, subsidiary, or an associate company of the Company;
- ix. any body corporate which is a subsidiary of a holding company to which the Company is also a subsidiary;
- x. any body corporate which is an investing company or the venturer of the company;

For the purpose of clause x. above, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

xi. Director (other than Independent Director) or KMP of the holding company or his relative;

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if -

- i. They are members of a Hindu undivided family (HUF) ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister).

“Associate Company” means a company which has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture company.

“Significant Influence” means control of at least 20% of the total share capital or of business decisions under an agreement.

“Joint Venture” means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

“Control” shall include:

- a) 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’/voting agreements etc.; or
- b) ownership, directly or indirectly, of more than one half of the voting power of the Company; or
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the Company.

“Related Party Transaction” (“RPT”) means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company

and a related party, regardless of whether or not a price is charged, either single or a group of transactions in a contract,

“Specific Related Party Transaction” shall mean any of the following transactions entered into by the Company with any of its Related Parties which are, either not in the ordinary course of business or not on arm’s length basis:

- a. sale, purchases or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchases or sale of goods, materials, services or property;
- f. such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company.

“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.

“Material Related Party Transaction” means a transaction with a related party if the transaction / transactions 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 or such other threshold as may be laid down from time to time by Applicable Laws.

Notwithstanding the above, 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, exceed 2% (two percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Office or Place of Profit” means any office or place:

- i. where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

“Responsibility Officer” means the Chief Financial Officer (CFO) of the Company. The Board may, where it is considered necessary so to do, appoint such other officer as it may consider proper as such Responsibility Officer(s).

“Applicable Laws” means the Companies Act, 2013 and the rules made thereunder, the Listing Agreement and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

All terms not defined herein shall take their meaning from the Applicable Laws.

3. Policy

All RPTs must be reported to the Audit Committee and referred for prior approval by the Committee in accordance with this Policy.

All Material RPTs under the Listing Regulations shall require the approval of Shareholders through ordinary resolutions and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that this requirement shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

However, Agreement for transactions not covered under SEBI Listing Regulations but covered under Section 188 of the Companies Act, 2013 (“the Act”) read together with the rules thereto would require prior approval of the Shareholders through ordinary resolutions for the transactions exceeding the specified threshold limits as mentioned in the Act and no member of the Company shall vote on such resolution, to approve any contract or arrangement, which may be entered into by the Company, if such member is a related party.

4. Identification of Related Parties

The Responsibility Officer shall at all times:

- a) Identify and keep on record list of Company’s Related Parties, along with their requisite details.
- b) The Responsibility Officer shall identify such functional heads, departmental heads and such other employees (Designated Employees) who are responsible for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
- c) The Responsibility Officer shall also set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (b) above.
- d) The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once in every quarter.

- e) With regard to low value Transactions (all transactions with Related Parties below value of Rs. 1 (one) crore per transaction), internal systems may be created to ensure that the Designated Employees approving the transactions are not related to the contracting parties and alternative approving authorities are put in place.
- f) The Responsibility Officer shall be responsible for implementation and monitoring of the Company's RPT Policy at all times and submit a quarterly report of the same to the Audit Committee for review.

5. Identification of Potential RPTs

Each Director, KMP and Senior Management Personnel (SMP) is responsible for providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. All Directors and KMPs are responsible for informing the Company of their interest (including interest of their relatives) in other Companies, Firms or concern at the beginning of every financial year and any change in such interest during the year, immediately on occurrence.

The Board/Audit Committee will determine whether the transaction does, in fact, constitute a RPT 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.

6. Review and Approval of RPTs

I. Audit Committee Approval

RPTs, if any, will be referred to the Audit Committee for review and prior approval, wherever applicable.

The Audit Committee may grant Omnibus Approval for RPTs proposed to be entered into by the Company subject to the following conditions:

- i. It shall lay down the criteria for granting the omnibus approval in line with the Policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - (a) repetitiveness of the transactions (in past or in future);
 - (b) justification for the need of omnibus approval.
- iii. It shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- iv. Such omnibus approval shall specify –

- The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
- The indicative base price / current contracted price and the formula for variation in the price if any, and;
- Such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT 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 (one) crore per transaction.

- v. It shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- vi. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of 1 (one) year.
- vii. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- viii. Any other conditions as the Audit Committee may deem fit.

Any Member of the Audit Committee who has a potential interest in any RPT will recuse himself or herself and abstain from discussion and voting on the approval of the RPT.

In order to review a RPT, the Audit Committee will be furnished with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

In determining whether to approve a RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT:

- Name of the related party and the relationship
- Nature and duration of transaction and material terms including the value, if any
- The manner of determining the pricing and whether the terms of the RPT are fair and on arm's length basis to the Company
- Business rationale for such transactions.

In case of transaction, other than transactions referred to in Section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

Further, in case any transaction involving any amount not exceeding Rupees 1 (one) crore is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within 3 (three) months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the Company against any loss incurred by it.

The requirement of obtaining Audit Committee approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

II. Board Approval

If the Audit Committee determines that a RPT should be brought before the Board, or it is mandatory under any Applicable law for Board to approve a RPT, or in the case of Specific RPTs, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

III. Shareholder's Approval

If the Audit Committee and the Board determines that a RPT should be brought before the Shareholders, or it is mandatory under any Applicable law for the shareholders to approve a RPT or in case of material RPTs, then such shareholder approval, as may be necessary or appropriate under the circumstances, shall be obtained and the considerations set forth above shall apply to the Shareholders' approval of the matter.

The following related party transactions (s) shall require prior approval of the shareholders:

(a) Contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of Section 188 of the Companies Act, 2013, with criteria as mentioned below:

- (i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to 10% (ten percent) or more of the turnover of the Company as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188 of the Companies Act, 2013;
- (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% (ten percent) or more of net worth of the Company as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188 of the Companies Act, 2013;
- (iii) leasing of property any kind amounting to 10% (ten percent) or more of the turnover of Company as mentioned in clause (c) of sub-section (1) of Section 188 of the Companies Act, 2013;
- (iv) availing or rendering of any services, directly or through appointment of agent, amounting to 10% (ten percent) or more of the turnover of the Company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of Section 188 of the Companies Act, 2013;

The aforesaid limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

(b) where the transaction or transactions to be entered into is for related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2.5 (two and a half) lakh as mentioned in clause (f) of sub-section (1) of Section 188 of the Companies Act, 2013;

(c) where the transaction or transactions to be entered into is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% (one percent) of the net worth as as mentioned in clause (g) of sub-section (1) of Section 188 of the Companies Act, 2013.

The turnover or net worth referred in the above clauses shall be computed on the basis of the audited financial statement of the preceding financial year.

In case of a wholly owned subsidiary, for the Related Party Transactions (RPTs) specified in Section 188 of the Companies Act, 2013, the resolution passed by the holding company shall be sufficient for the purpose of entering into the RPTs between wholly owned subsidiary and the holding company.

For the Related Party Transactions (RPTs) covered under SEBI Listing Regulations and Section 188 of the Companies Act, 2013, transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval are exempted from compliance requirements under the said clause.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution, in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

It shall be open to the company to proceed against a director or any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

Notwithstanding the foregoing, the following RPTs shall not require approval of Audit Committee or Board or Shareholders:

- i. Any transaction that involves the providing of compensation to a Director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- iii. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/Companies Act, 2013.
- iv. Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.
- v. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

7. Requirement of fresh approvals for past contracts, if any

Contracts entered into by the Company, after making necessary compliances under the Companies Act, 1956, which already came into effect before the commencement of the Companies Act, 2013, i.e. 1st April 2014, will not require fresh approval till the expiry of the original term of such contracts.

8. RPTs not approved under this Policy

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under 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 RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. The Audit Committee has authority to modify or waive any procedural requirements of this Policy.

9. Existing Related Party Transactions (RPTs)

This Policy shall operate prospectively and all the agreements which have been entered before the effective date of this policy and are in accordance with the then prevailing laws shall be valid and effective.

This Policy will be communicated to all Directors, KMPs, functional heads and other concerned executives of the Company.

10. Register

The Company shall maintain Registers of RPT(s) in Form MBP 4 or such other form as may be prescribed under the Applicable Laws.

11. Disclosure(s)

Necessary disclosures shall be made by the Company in its Annual Report and to the concerned Stock Exchanges where Equity shares of the Company are listed, as may be required under applicable laws.

Pursuant to Section 134(3)(h) of the Companies Act, 2013, particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013 shall be disclosed in the Director's Report in the prescribed format.

Details of all Material RPTs shall be disclosed to the Stock Exchanges on a quarterly basis along with the compliance report on corporate governance.

The Company shall submit within 30 (thirty) days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

The Company shall disclose the Policy on dealing with Related Party Transactions (RPTs) on its website and a web link thereto shall be provided in the Annual Report of the Company.

12. Amendment

The rights to interpret/amend/modify this Policy vests in the Audit Committee/ Board of Directors of the Company. Further, this Policy shall be reviewed by the Audit Committee/ Board of Directors at least once every 3 (three) years and updated accordingly.

In case of any amendments), clarification(s), circular(s) etc. issued by the relevant / statutory authorities not being consistent with the provisions laid down in this Policy, then such amendments), clarification(s), circular(s), etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

Date: 12.02.2020

This Policy has been reviewed and approved by the Board at its meeting held on 12.02.2020 and has been made effective from the date the Company gets listed on the stock exchanges.