



**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

“**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.

“**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.

“**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.

“**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’/voting agreements etc.

“**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 its Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines;

“**Industry Standards**” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.

“**Related Party**” means related party as defined in Regulation 2(1)(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter alia 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.
- (c) any person or entity forming a part of the promoter or promoter group of the listed entity;
- (d) any person or any entity, holding equity shares:
  - (i) of twenty per cent or more; or
  - (ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a 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).

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

**“Related Party Transaction” (“RPT”)** means any transaction involving a transfer of resources, services or obligations between -

(i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) the Company 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 Company or any of its subsidiaries, with effect from April 1, 2023;

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:

The following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities

(c) retail purchases from Company or any of its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

**“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.

**“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.

**“Material Modification(s)”** shall mean and include any modification(s) to an existing related party transaction having variance of 25% of the existing limit as approved by the Audit Committee / Board / Shareholders, as the case may be, and would require prior approval of the Committee.

**“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).

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013/ Listing Regulations as may be amended from time to time and shall have the meaning respectively assigned to them therein.

### **3. 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) 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.

#### **4. Identification of Potential Related Party Transactions**

Every Promoter, Director, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and subsidiaries are 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 members of Promoter, Promoter Group, Directors, KMPs and SMPs are responsible for informing the Company of their interest (including interest of their relatives) in other Companies, Firms, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture as the case may be).

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.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a. Material Related Party Transactions
- b. Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
- c. Residual Related Party Transactions.

#### **5. Procedure for Approval of Related Party Transactions**

##### **I. Audit Committee Approval**

Prior approval of the Audit Committee shall be required whether by way of a meeting or by way of a resolution passed by circulation or through electronic mode for:

- All Related Party Transactions and subsequent material modifications as defined by the Audit Committee;

- RPTs where subsidiary is a party but the Company is not a party and the transaction amount exceeds the threshold of:

- ✓ 10% of the consolidated turnover of the Company w.e.f. April 1, 2022
- ✓ 10% of the standalone turnover of the subsidiary w.e.f. April 1, 2023

Only those members of the audit committee, who are independent directors, shall approve related party transactions.

Prior approval of the Audit Committee shall not be required for:

- Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of SEBI Listing Regulations are applicable to such listed subsidiary.
- Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the audit committee of the listed subsidiary is obtained.
- transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.

### **Omnibus approval**

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 as prescribed under the Industry Standards.

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 provisions of this clause 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.

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 as per Audit Committee requires Board approval;
- ✓ Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval.

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**

All Material RPTs and subsequent material modifications as defined by the audit committee under the Listing Regulations shall require prior 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. (Related Parties can cast only negative vote to reject the shareholders resolution of material RPT).

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.

Transactions 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 such 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.

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. 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 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.

## **6. 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.

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations as hereunder –

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

The failure to seek ratification of the audit committee shall render related party transactions voidable at the option of the audit committee and if the transaction is with a related party to any director or is authorized by any director, the director(s) concerned shall indemnify the Company against any losses incurred.

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.

## 7. Disclosure(s)

- ✓ 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 not at arm's length basis along with the justification for entering into such transaction.
- ✓ The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.
- ✓ The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
- ✓ The Company shall provide disclosure of the Related Party Transactions to stock exchanges where the Company's securities are listed, in the format as specified by the SEBI/stock exchanges from time to time and within statutory timelines. The Company shall simultaneously upload the disclosure at its website.

The remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure provided that the same is not material in terms of the provisions of this regulation.

- ✓ 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.

## 8. Amendment

The rights to interpret/amend/modify this Policy vests in the Board of Directors of the Company. Further, this Policy shall be reviewed by the 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: 11.02.2025**

**This Policy has been made effective from the date the Company gets listed on the stock exchanges and has been last reviewed and approved by the Board at its meeting held on 11.02.2025.**