



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 / or any subsequent material modification(s) to the RPTs based on the applicable laws and regulations applicable on the Company. The Policy provides the framework and mechanism for governance, reporting and dealing with RPTs, including material RPTs.

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 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).

“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 involving a transfer of resources, services or obligations between -

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity 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 by the listed entity 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.

“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 Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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).

“Applicable Laws” means the Companies Act, 2013 and the rules made thereunder, SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 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. 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.

4. 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.

5. Review and Approval of RPTs

I. Approval of the Audit Committee

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

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

2. RPTs where subsidiary is a party but the Company is not a party and the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds subject to threshold of:

i. 10% of the annual consolidated turnover as per the last audited financial statements of the Company w.e.f. April 1, 2022

ii. 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.

- **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 and approve a proposed 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 under –

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

j. Any other information that may be relevant.

k. Whether the RPT would affect the independence or present a conflict of interest for any Director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the Director, KMP or other Related Party, the direct or indirect nature of the Director's interest, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors, the Committee deems relevant.

Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

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

- i. 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.
- ii. 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.
- iii. 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.

For related party transactions of unlisted subsidiaries of the Company, prior approval of the audit committee of the Company shall suffice.

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.

II. Board Approval

All kinds of transactions specified under Section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not at arm's length basis, are placed /shall be before the Board for its approval.

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

- a) 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;
- b) 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;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d) Transactions meeting the materiality thresholds laid down under the Companies Act, 2013 and SEBI Listing Regulations, 2015, 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. (RP's 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 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.

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 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.

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 appointment and / or 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. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015;
- iv. Reimbursement made of expenses incurred by a Related Party for business purpose of the Company, or reimbursement received for expenses incurred by the Company on behalf of a Related Party. Reimbursement of pre-incorporation expenses incurred by or on behalf of a Related Party.
- v. Deputation of employees with / without any cost sharing or reimbursement.
- vi. Recurring/consequential transactions flowing out of a principal transaction or arrangement for which the Audit Committee has granted its omnibus approval.

vii. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

6. 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.

7. 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.

8. 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.

9. 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.

10. Disclosure(s)

- The Company shall provide all the information as specified by the SEBI from time to time in the explanatory statement in the notice being sent to shareholders seeking approval of proposed RPTs.
- 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 provide half yearly disclosure of the Related Party Transactions in the format as specified by the SEBI from time to time, to the stock exchanges and upload on company's 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.

11. 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 amendment(s), 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: 13.08.2022

This Policy has been reviewed and the revised version has been approved by the Board at its meeting held on 13.08.2022 and has been made effective.