

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS UNDER REGULATION 23(1) OF SEBI (LODR) REGULATIONS, 2015

1. Introduction

Securities Exchange Board of India (SEBI), vide Notification dated 2nd September, 2015, has notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) applicable w.e.f. 1st December, 2015. **Regulation 23** requires all listed companies to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. This policy has been framed for complying with the above requirement.

2. Scope and purpose of the policy

The Board of Directors of the company on the recommendation of Audit Committee has adopted the following Policy and procedure with regards to Related Party Transactions. The policy envisages the procedure governing Related Party Transactions required to be followed by company to ensure compliance with the applicable provisions of Companies Act, 2013, and of the SEBI (LODR) Regulations. Any subsequent amendment/modification in the applicable provisions of Companies Act, 2013 or the rules made thereunder or in the SEBI (LODR) Regulations or any other relevant statute in this regard shall be deemed to be automatically incorporated in this Policy.

3. Definitions

“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 Transactions” means a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower. Further, 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 five percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

“Material Modification” means and include any modification to an existing RPTs, in aggregate with a related party, having variance of 25% in value of the transaction already approved by the Audit Committee or Board or Shareholders, as the case may be, or such modification as may be decided by the Audit Committee

“Policy” means “Policy on Related Party Transactions and on Materiality of Related Party Transactions” of the Company.

“Related Party” means a related party as defined under **sub-section (76) of section 2** of the Companies Act 2013 or under the applicable accounting standards:

Provided that any person or entity forming a part of the promoter or promoter group of the listed entity; or any person or any entity, holding equity shares of twenty per cent or more; or 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 Act, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

“Related Party” as defined under **sub-section (76) of section 2** of the Companies Act 2013, means-

- i. A director or his relative;
- ii. A key managerial personnel 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 two percent 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 on 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 company which is- (a) a holding, subsidiary or an associate company of such company; or (b) a subsidiary of a holding company to which it is also a subsidiary; (c) an investing Company or the venturer of the Company.
- ix. Such other person as may be prescribed.

“Relative” as defined under section 2(77) of the Companies Act, 2013 means anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- 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)

“Related Party Transaction” (RPTs) means a related party transaction as defined under Regulation 2(1)(zc) of the SEBI LODR and section 188 of the Companies Act, 2013, read with amendments issued from time to time.

4. Manner of dealing with Related Party Transactions

a. Identification of related parties

The Company shall regularly identify, verify and update related parties as per the definition provided in the Companies Act 2013 and SEBI LODR.

b. Identification of related party transactions

As a policy, Bansal Roofing Products Limited (BRPL) will identify the RPTs as per the applicable laws, which require consent of the Audit Committee, Board of Directors and shareholders, as the case may be.

Any other RPT identified during the periodic review not covered under any specific broad category shall be independently reviewed, approved and included for confirmation as a part of Related Party Policy mechanism.

c. Approvals for Related Party transactions

(i) As per SEBI LODR:

In terms of Regulation 23 (2) of the Listing Regulations, all Related Party Transactions and subsequent material modification shall require prior approval of the Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

In terms of Regulation 23 (4) of the Listing Regulations, all material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (2), shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

(ii) As per Companies Act 2013:

As per **section 188** of the Companies Act, 2013 except with consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to:

- (a) Sale, purchase 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 purchase 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.

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.

Transactions that require previous approval of Shareholders of the Company, as prescribed under **Rule 15(3)** of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows :

Nature of related party transactions	Limits beyond which shareholder's approval is required
Sale, purchase or supply of any goods or materials directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	Amounting to 10% or more of Net worth of the Company
Leasing of property of any kind, directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
Availing or rendering of any services directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company
Appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding 2.5 lakh rupees
Remuneration for underwriting the subscription of any securities or derivatives	Exceeding 1% of net worth of the company

The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

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.

Provided that above approval requirement shall not apply to any transactions entered into by the company in its ordinary course of business other than transaction which are not on arm's length basis.

Omnibus Approval by Audit Committee

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- i. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- iii. Such omnibus approval shall specify
 - (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any and
 - (iii) Such other conditions as the Audit Committee may deem fit; Provided that where the need for Related Party Transaction 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 crore per transaction.

- iv. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- v. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- vi. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- vii. The Agenda of the Meeting at which such Related Party Transaction is proposed to be reviewed/approved by the Audit Committee shall disclose the following: - a) the name of the related party and nature of relationship; b) the nature, duration of the contract and particulars of the contract or arrangement; c) the material terms of the contract or arrangement including the value, if any; d) any advance paid or received for the contract or arrangement, if any; e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract; f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; g) the persons/authority approving the transaction; h) any other information relevant or important for the Committee to take a decision on the proposed transaction; and i) Such other information as prescribed under the Act and the Listing Regulations.

d. Disclosure of Related Party Transactions

- i. Every related party transaction entered into shall be disclosed to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- ii. Adequate disclosure of all related party transactions shall be shall be submitted to the stock exchanges in the format as specified by SEBI from time to time and copy of the same will be posted on the website of the Company. Further, details of all material related party transactions shall also be disclosed in accordance with Regulation 27 of the Listing Regulations, 2015.
- iii. The Company shall disclose this Policy on its website and also a web link thereto shall be provided in the Annual Report.
- iv. A register of Related Party Transactions shall be maintained as per the Act and placed before the Board and signed by all the directors present at the Meeting, as required from time to time.
- v. In addition to the above, all necessary information/ details about the Related Party Transactions shall be made available to the Board/ Audit Committee, disclosed in Corporate Governance Report/ Annual Report and/or shall be placed wherever required under the provisions of the Act, relevant Accounting Standard and Listing Regulations, 2015, as amended from time to time.

Related Party Transactions not approved under the Policy

By Audit Committee

Subject to the provisions of the Act, in case any transaction 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 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 Committee shall consider all the relevant facts & circumstances regarding the said transaction and shall evaluate all options available with the Company including revision, ratification or termination of the Related Party Transaction. The Committee shall also examine the reasons for not reporting the Related Party Transaction to the Committee and shall take any reasonable action in this regard as it deems appropriate. In case the Committee decides not to ratify a Related Party Transaction that has been commenced without approval, the Committee, may recommend the same for approval of Board and/ or direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

By Board and shareholders

If any Related Party Transaction is entered without obtaining the consent of the Board or Shareholders, as the case may be, the same is required to be ratified by the Board or the shareholders, as the case may be, within three months from the date on which such related party transaction was entered into. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to it under this Policy and shall take any such action it deems appropriate. If the related party transaction is not ratified by Board or Shareholders as mentioned above, such related party transaction shall be voidable at the option of the Board or Shareholders, as the case may be, and if the related party transaction is with a party related to any director, the director concerned shall indemnify the Company against any loss incurred by it.

Review and Amendments to the policy

The Board shall, assess the adequacy of this Policy at least once in every three years from last review and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, laws applicable and the best practices.

Where the terms of this Policy 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 this Policy and procedures until such time this Policy is amended to conform to the applicable law, rule, regulation or standard.

Indemnity against losses to the Company and penalty

If the contract/ arrangement is with a party related to a Director, or is authorized by another Director, then the concerned Directors shall indemnify the Company against any losses incurred by it.

The Company can also proceed against a Director or any other employee for recovery of any loss sustained by it as a result of a contract/ arrangement entered into by such person in contravention of the provisions of the law relating to Related Party Transactions.


