



BEST ROADWAYS LTD.

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M/S. BEST ROADWAYS LIMITED

Policy

On

Materiality of Related Party Transactions and also on dealing with Related Party Transaction

1. Preamble

This Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transaction (“Policy”) is prepared and adopted to build a framework for the Related Party Transactions of Best Roadways Limited (“BRL” or “Company”), in accordance with the requirement of the provisions of the Companies Act, 2013 and relevant rules made there under; as amended from time to time. This Policy shall regulate the transactions between the Company and its Related Parties as per the requirements and disclosures under the applicable laws, rules and regulations.

2. Purpose of the Policy

As per provisions of Section 177 and 188 of the Companies Act, 2013 and other applicable rules, companies/their Audit Committee are required to formulate a framework/criteria/policy/procedure on materiality of related party transactions and also on dealing with Related Party Transactions, to ensure the proper approval and reporting of transactions between the Company and its Related Parties. This Policy is also prepared for the identification and regulation of the related party transactions keeping in view the provisions of the Companies Act, 2013 and the Rules there under.

3. Applicable Definitions

3.1. Act means Companies Act, 2013;

3.2. Board means the Board of directors of BRL;

3.3. Committee means the Audit committee as defined under the Companies Act,2013.



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3.4. Company means Best Roadways Limited 'BRL';

3.5. Key Managerial Personnel or KMP means key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;

3.6. 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 ten percent of the annual consolidated turnover as per the last audited financial statements of the company;

3.7. 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.

3.8. Related Party means related party

As per Companies Act, 2013, if an entity falls under 2(76) and under rule 3 of The Companies (Specification of definitions details) Rules, 2014 and amendment thereof.

(i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or

(ii) such entity is a related party under the applicable accounting standards.

3.9. Relative means relative as defined as per Section 2(77) and The Companies (Specification of definition details) Rules, 2014.

4. The Policy

Following is the structure of dealing with transactions with Related Parties with the Company:

- Identification of potential Related Party Transactions;
- Approval of Related Party Transactions; and
- Disclosure of Related Party Transactions.

4.1. Identification of potential Related Party Transactions;

A. Determination of Related party Transaction



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In terms with the Companies Act, 2013, the transactions which shall be considered as Related Party Transactions, if entered into between the Company and its Related Party through any contract or arrangement with respect to as prescribed in Section 188 of the Companies Act, 2013:

- Sale, Purchase or Supply of any goods or materials;
- Selling or otherwise disposing of, or buying property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- Any other transaction wherein transfer of resources, services or obligations is taking place with a related party, regardless of whether a price is charged.

B. Nature of Transaction

All the potential Related Party Transactions shall be reviewed in detail by the Audit Committee. Audit Committee shall determine whether the said transaction is fair and is being carried out on an arm's length basis. Lastly, the Committee shall take note whether the Related Party Transaction would lead to an improper conflict of interest for any director or Key Managerial Personnel of the Company or any Related Party. The criteria for determination of the same are mentioned below:

(i) Determination of Ordinary Course of Business

"In the Ordinary Course of Business" means all such acts and transactions undertaken by the Company:-

- a. in the normal routine in managing trade or business,
- b. is permitted by the Memorandum of Association of the Company;
- c. the transaction fall under the purview of the business objectives, operational activities and/or financial activities or;
- d. meets any such other criteria as may be decided by the Board/ Audit Committee

(ii) Determination of Arms' length nature of the Related Party Transaction

- a. Price Determination



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At the time of determining the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms' length pricing as per applicable Laws, internal procedures and/or guidelines of the company.
- (ii) To rely on professional opinion in this regard.
- (iii) Quotations shall be invited from all the players in the market irrespective of the relationship and price of the contract and/or arrangement shall be decided without any deviation and on uniform basis or by such any other mechanism as may be decided by the Audit Committee and/or by board

b. Selection of arms' length Related Party Transaction

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening / selection criteria / underwriting standards and other terms and conditions as may be applicable in case of an unrelated party.
- (ii) Credit Limits extended to the related Party must be usual as for unrelated parties.

4.2. Approval of Related Party Transactions:

I. Matrix for approval of related party transactions

Nature of Transaction	Audit Committee	Board of Directors	Shareholders
	Companies Act, 2013		
Ordinary Course of Business and at arm's length	Yes	Exempted	Exempted



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Not in Ordinary Course of Business and at arm's length	Yes	Yes	Yes, if beyond the limits as specified in Rule 15 of The Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014.
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II. Restriction on Voting rights of related parties

- a. As per Companies Act, 2013, no member of the company shall vote on a Special resolution to approve the contract or arrangement, if such a member is a related party in context to the contract or arrangement for which the said special resolution is being passed.

III. As per the Companies Act, 2013 if the Related party transactions under section 188 falls under the following limits prior approval of the shareholders by special resolution will be required

Limits as per Rule 15 of The Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014

Sl. No.	Nature of related party transaction	Criteria
1.	Sale, purchase and supply of any goods or materials, directly or through appointment of agent	exceeding 10% of the turnover of the company or Rs. 100 crores whichever is lower
2.	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	exceeding 10% of net worth of the company or Rs. 100 Crores, whichever is lower
3.	leasing of property of any kind	exceeding 10% of net worth of the company or 10% of the turnover of the company or Rs. 100 Crores, whichever is lower
4.	availing or rendering of any services, directly or through appointment of agent	exceeding 10% of the turnover of the company or Rs. 50 Crores, whichever is lower
5.	Appointment of any office or place of profit in the company, its subsidiary	Monthly remuneration exceeding Rs 2.5 lacs



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	company or associate company	
6.	Remuneration for underwriting the subscription of any securities or derivative	Exceeding 1 % of net worth

Explanation- It is hereby clarified that the limits specified in sub-clauses (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.

4.3. 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 material transactions with related parties shall be disclosed.
- iii. The Company shall disclose the Policy on dealing with Related Party Transactions 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 Companies Act, 2013 and placed before the Board and signed by all the directors present at the Meeting.

5. Other Miscellaneous Matters

Where the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its implementation, the matter shall be reviewed by the Audit Committee. In such circumstance, the Committee shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction as per the applicable provisions. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In case where the Committee does not deem it fit to ratify a Related Party Transaction that has been commenced without approval, the Committee, may direct additional actions including, but not limited to, immediate discontinuation of the transaction, as appropriate. The Committee shall also have the authority to modify or waive any procedural requirements of the Related Party Transaction to suit the modus operandi of this Policy.

6. Review



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The Board/Audit Committee shall, as may be required, assess the adequacy of this Policy and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, laws applicable and the best practices. Any amendment to this policy will be in writing.