

Varanasi Sangam Expressway Private Limited

POLICY ON RELATED PARTY TRANSACTIONS

1. Introduction:

Varanasi Sangam Expressway Private Limited (the “Company”) recognises that related party transactions (“RPT”) can present a potential or actual conflict of interest which may raise questions about whether such transactions are consistent with the best interests of the Company and its stakeholders. The Board of Directors (“Board”) of the Company has adopted the following policy with regard to related party transactions (RPT) pursuant to the provisions of Memorandum and Articles of Association of the Company, Section 177, 188 and other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules framed thereunder and the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) as amended from time to time and any other laws and regulations as may be applicable to the Company.

2. Objective:

The objective of this policy is to set out the materiality thresholds for related party transactions (RPTs), the manner of dealing with the RPTs based on the Act, SEBI LODR and any other laws and regulations that may be applicable. This forms guidelines for identification of related parties and proper conduct and documentation for all RPTs.

3. Applicability:

This policy shall come into force with immediate effect and shall be applicable to transaction made with-

- a. Board of Director & their relatives.
- b. Key Managerial Personnel (KMP) of the Company and their relatives, and
- c. Other related parties, as defined hereinafter

4. 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 question of conflict of interest.

“**Board**” means Board of Directors of the Company.

“**Audit Committee or Committee**” means the Committee of the Board formed under section 177 of the Act and Regulations 18 of Listing Regulations 2015.

“**Control**” means control as defined in Section 2 (27) of the Act and shall have the same meaning as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” shall mean the officers of the Company as defined in Section 2(51) of the Act.

“**Policy**” means Related Party Transaction Policy.

“**Material Related Party Transaction**” shall mean and includes:

- 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 of the company as per the last audited financial statements of the Company.

- Transactions which exceed the threshold limits as defined under Section 188 of Act read with rules made thereunder.
- 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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Related Party (ies)” means a person or an entity:

- Which is a related party under section 2(76) of the Act, read with rule 3 of the Companies (Specification of definition details) Rules, 2014; or
- Which is related party under applicable Accounting Standards
- Any person or entity belonging to promoter/promoter group of the listed entity and holding 20% or more of the shareholding in listed entity shall be deemed to be a related party.

“Relative” shall have the meaning described to it under Section 2(77) of the Act and Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014, as amended from time to time.

“Related Party Transactions” means any transaction directly or indirectly involving any Related Party as covered under Companies Act, 2013 and rules made there under which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

5. Policy:

The Audit Committee shall review and approve all Related Party Transactions proposed to be entered into by the Company in conformity with this Policy. The Audit Committee may, however, grant omnibus approval in the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company.

In order to ensure the independence of the decision of the Audit Committee with respect to Related Party Transactions, in the event any member of the Audit Committee has a potential interest in any Related Party Transaction, such member shall not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction. Further, in accordance with the SEBI LODR, all entities that fall under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular Transaction or not.

It shall be the responsibility of the director and the Company to file the requisite form(s) as mandated under the Act or the relevant rules, containing the particulars of the Related Party Transactions before the prescribed authority.

6. Identification of Related Party:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee regarding persons and entities to be considered as “related Party” by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

The Board shall record the disclosure of interest as per Companies Act, 2013. The Company shall identify Related Party Transaction with Directors or Key Managerial Personnel of the Company or their relatives.

7. Identification of Potential Related Party Transactions:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

8. Review and Approval of Related Party Transactions:

- All RPTs require prior approval of the Audit Committee.
- Any member of the Audit Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.
- In case of a 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.

Approval of Board of Directors:

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve a Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and 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.

Approval of Shareholders:

- i. In the event the Transaction is not in ordinary course of business and not on arm's length price and exceeds the limits specified in the Act read with rules made thereunder and Listing Agreement, the Company shall, along with the approval of the Board, also seek approval of the shareholders through Resolution. In case the member of the Company is a Related Party in the concerned Transaction, such member shall abstain from voting on such resolution.
- ii. All material RPTs would require an approval of Shareholders through a resolution and a Related party would not vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- iii. All entities falling in the definition of Related parties would not vote to approve the relevant transaction irrespective of whether the entity is a related party to the particular transaction or not.

Transaction not requiring approval of Audit Committee, Board or Shareholders:

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

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel 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 where all holders of such securities receive the same benefits pro rata as the Related Party.
- iii. Transactions with wholly owned subsidiary companies:
Prior approval of the Audit Committee will not be required in case of transactions entered into between the Company and its wholly owned subsidiary company whose accounts are consolidated with the accounts of the Company and are placed before the shareholders of the Company at general meeting for approval.

9. Disclosures:

Appropriate disclosures as required under the Act and SEBI LODR shall be made in the Annual Return, Board's Report and to the Stock Exchanges, which are not in ordinary course of business or on an arm's length basis along with the justification for entering into such Transaction. The Company shall disclose the Policy on its website and the web-link shall be provided in the Annual Report.

10. Scope:

In the event of any conflict between the provision of this Policy and of the SEBI LODR/ Act or any other statutory enactments, rules, the provisions of such SEBI LODR/Act or statutory enactments, rules shall prevail over this Policy.

11. Amendments/Modifications/Addition:

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision /amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

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