



# **BRMP LEASING & FINANCE PRIVATE LIMITED**

## **RELATED PARTY TRANSACTION POLICY**

## **RECORD OF REVIEW**

<b>BRMP LEASING AND FINANCE PRIVATE LIMITED</b>	
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## **PART – A**

### **1. Introduction**

BRMP Leasing & Finance Private Limited (hereinafter referred to as 'the Company' or 'BRMP'), is a non-deposit taking Non-Banking Financial Company duly registered with the Reserve Bank of India ('RBI') falling under the Base Layer category ('NBFC') as Investment and Credit Company ('ICC').

### **2. Objectives**

The objective of this policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable on the Company. All Related Party Transactions, as that term is defined in this policy, shall be subject to review /approval/ratification in accordance with the procedures set forth below in order to ensure the transparency and procedural fairness of such transactions.

### **3. Regulatory Requirement**

#### **From Reserve Bank of India:**

This Policy on dealing with Related Party Transactions is framed in consonance with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("Master Direction DNBR. PD. 008/03.10.119/2016-17") dated September 01, 2016 and Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023 (as updated from time to time) and is intended to ensure proper reporting, approval and disclosure of the concerned transactions between the Company and its Related Parties.

#### **From Companies Act, 2013:**

The Companies Act, 2013 ('Companies Act' or 'the Act') has introduced sections 177 and 188, which contain provisions regarding related party transactions. These sections, along with the relevant Rules framed under the Companies Act, have introduced certain compliance and approval requirements regarding the related party modifications.

### **4. Scope and Purpose**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of a company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the rules framed thereunder and as mentioned under the Reserve Bank of India (Scale Based Regulations), 2023. BRMP Leasing & Finance Private Limited (the "Company") has formulated guidelines for identification of

related parties and the proper conduct and documentation of all related party transactions.

Accordingly, the Company has formulated this policy on Related Party Transactions ("Policy") to define the rules and procedures for seeking requisite approvals before entering into any related party transactions.

If the terms of this Policy differ from any existing or newly enacted regulation or standard governing the Company, such regulation or standard will take precedence over this Policy until this Policy is changed to conform to said regulation or standard.

## **PART - B**

### **5. Definitions**

**"Act"** means Companies Act, 2013 and rules, as amended from time to time, made thereunder.

**"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"** in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

**"Audit Committee"** means the committee of Board of Directors, the Company constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and Rules made thereunder.

**"Board"** means Board of Directors of BRMP Leasing and Finance Private Limited.

**"Company"** means BRMP Leasing & Finance Private Limited.

**"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 agreements or voting agreements or in any other manner;

**"Key management personnel"** shall mean the officers of the Company as defined in Section 2(51) of the Act: -

(a) the Chief Executive Officer or the Managing Director or the Manager and in their absence the Whole-Time Director;

- (b) the Company Secretary;
- (c) the Chief Financial Officer; and
- (d) any other person appointed as the KMP by the Board of the Company.

**“Ordinary Course of Business”** means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MoA’) and the Articles of Association (“AoA”) of the Company.

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

**“Related party”**: In terms of Section 2(76) of the Companies Act, 2013 Related party with reference to the BRMP means:

- a director or his relative;
- a Key Managerial Personnel (KMP) or his relative;
- a firm, in which a director, manager or his relative is a partner;
- a private company in which a director or manager or his relative is a member or director;
- a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- anybody 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;
- any person on whose advice, directions or instructions a director or manager is accustomed to act;
- any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary;

A director other than independent director or key managerial personnel of the holding company or his relative with reference to a company (as per Companies (Meetings of Board and its Powers) Rules, 2014);

**“Relative”** In terms of Section 2(77) of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 a person is said to be a relative of another, if

- They are members of a Hindu undivided family;
- They are husband and wife;
- Father (including step-father);
- Mother (including step-mother);
- Son (including step-son);
- Son's wife;
- Daughter;
- Daughter's husband;

- Brother (including step-brother); or Sister (including step-sister).

**“Related party transaction”** As per Section 188 of the Act, shall mean contracts or arrangements with related party with respect to: -

- Sale, purchase or supply of any goods or materials amounting to ten percent or more turnover of the company;
- Selling or otherwise disposing of, or buying, property of any kind amounting to ten percent or more net worth of the company;
- Leasing of property of any kind amounting to ten percent or more turnover of the company;
- Availing or rendering of any services amounting to ten percent or more turnover of the company;
- 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 at a monthly remuneration exceeding two and half lakh rupees; and
- Underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and RBI Master Directions as amended from time to time.

## **PART – C**

### **6. Identification of Related Party**

Each director and Key Managerial Personal 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.

### **7. Process for entering into a Related Party Transaction**

Transactions with Related Parties shall generally be in the form of agreements which would define the terms governing individual transactions / work orders / purchase orders (Sub-transactions) to be undertaken under the agreement.

The Company will:

- a. identify the transactions with Related Parties;

- b. perform tests to determine whether the transaction is in the ordinary course of business operations or otherwise;
- c. for transaction with group companies, before entering into any transaction, an independent view from a third party may sought for the arm's length pricing of the transaction.
- d. review the commercial terms/ agreement involved in the transaction and analyze whether the transaction is at 'arm's length' as if the party is unrelated;
- e. determine the approval requirements applicable to the transaction in accordance with this Policy and applicable laws;
- f. prepare and maintain relevant documentation supporting the basis of its assessment;
- g. present the required details to the Audit Committee/ Board or Shareholders for approvals as required;
- h. execute agreement once the approvals are obtained, if required.
- i. Transfer pricing audit by an independent auditor is done at the year-end for all the related party transactions, including for group companies, held during the year.
- j. if the Audit Committee or Board so requires, seek external professional opinion to determine whether an RPT is in the ordinary course of business and/ or at arms' length.

## 8. Approval Matrix for Related Party Transactions

Audit Committee Approval (if applicable)	Board Approval	Shareholders' Approval
All Related Party Transactions be approved vide a resolution or covered under the Omnibus approval mechanism.	<ul style="list-style-type: none"> <li>• Related Party Transactions, to be approved by the Board, as required under the applicable Law / Regulations applicable to the Company.</li> <li>• Related Party Transactions requiring shareholders' approval</li> </ul>	Related Party Transactions not in Ordinary Course of Business or not on Arm's length basis or crosses threshold limit as prescribed under the Act / Regulations applicable to the Company

## 9. Reporting of Related Party Transactions

Every contract or arrangement, which is required to be approved by the Board/shareholders / Audit Committee under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

## **PART - D**

### **10. Review of Policy**

The Policy shall be reviewed on periodic basis. Consequent upon any changes in regulatory guidelines, such change shall be deemed to be a part of the policy until the policy is reviewed and approved next time.

The Policy on Related Party Transactions shall be amended or modified with approval of the Board.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

### **11. Validity**

The Policy shall be valid till next review by Committee members and/or Board of Directors, as applicable.

**\*\*\*End of Policy Document\*\*\***