RAJVI
Logitrade Limited

**Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions**

## 1. Introduction:

The Board of Directors of Rajvi Logitrade Limited ("the Board"), based on the recommendation of the Audit Committee, has adopted a Policy and laid down procedures for determining the materiality of Related Party Transactions and for dealing with such transactions. This Policy is in accordance with the provisions of Section 188 of the Companies Act, 2013 read with the relevant Rules framed thereunder ("the Act"),

Note: Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is not applicable to company Pursuant to Regulation 15(2) of SEBI (LODR) Regulations, 2015 since paid up equity share capital was not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

## 2. Definition

"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.

• **"Audit Committee"** means the audit committee of the Board of Directors of the Company.

• **"Board"** means the Board of directors of the Company.

• **"Company"** means Rajvi Logitrade Limited.

• **"Key Managerial Personnel"** or "KMPs" means Key Managerial Personnel as defined under Section 2(51) of the Companies Act.

• **"Subsequent Material Modification"** means any modification made in the value/exposure of any ongoing or proposed Related Party Transaction, as originally approved by the Audit committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or by which the transaction ceases to be in ordinary and/or on arm's length basis or such other parameter as may be determined by the Audit Committee from time to time.

• **"Material Related Party Transaction"** in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds Rupees One Thousand Crore or ten per cent 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 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"

"Ordinary Course of Business" with reference to a transaction with a related party means a transaction which is:

I. carried out in the normal course of business envisaged in accordance with the Memorandum of Association of the Company as amended from time to time;

II. historical practice with a pattern of frequency;
III. common commercial practice; or
IV. meets any other parameters/criteria as decided by the Board/Audit Committee, from time to time.

- "Policy" means this policy, as amended from time to time.

- "Related Party" in relation to the Company means a party related with the Company in any of the ways as laid down in section 2(76) of the Companies Act and Regulation 2 (1) clause (zb) of SEBI (LODR) Regulations, 2015 or under applicable accounting standards as amended from time to time:

  Provided that:
  (a) any person or entity belonging to the promoter or promoter group of the listed entity or

  (b) 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 their mmediate preceding financial year; shall be deemed to be a related party:

- "Related Party Transaction or transactions" means a transaction involving a transfer of resources, services or obligations between:

(i) a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) a Company 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 Company or any of its subsidiaries, with effect from 1st April 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, including but not limited to the following –
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. appointment to any office or place of profit in the Company, its subsidiary or associate company
g. underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered as related party transaction of the Company in terms of SEBI Listing Regulations:

(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 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.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the SEBI.

(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time: Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

(e) retail purchases from the Company or its subsidiary by the directors or key managerial personnel of the Company or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel

"**Relative**" means a relative as defined under the 2(77) of the Companies Act, 2013 and rules prescribed thereunder.

**"Senior managerial personnel"** in relation to a company, means:

Officers and personnel of the company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the company.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR) Regulations or any other applicable laws or regulations

## 3. Policy:

### A. Identification of Related Party:

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

### B. Identification of Related Party Transactions:

For the purpose of identification of Related Party Transactions (RPTs), the Company has formulated guidelines in accordance with Section 188 of the Act and Regulation 2(1)(zc) of SEBI Listing Regulations. The Company shall ensure that no transaction is entered into with any Related Party without requisite approvals.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

a. Material Related Party Transactions
b. Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.

The Industry Standards are not applicable to RPTs if Transactions amounting to 1% or more of the Annual Consolidated Turnover or Rs. 10 crore, whichever is lower.

**C. Process for Dealing with Related Party Transactions**

- A list of all the related parties in relation to the Company received from the Board shall be updated from time to time.
- Basis the above mentioned list of related parties, every department shall, prior to entering in to any contract or arrangement with a related party, ascertain whether the proposed contract or arrangement satisfies the approval mechanism prescribed under this Policy.
- The contract/arrangement shall not be entered in to without the necessary approval from the Audit Committee/Board/shareholders, as the case may be. Compliance to this condition will strictly be adhered to by the concerned department proposing the underlying contract or arrangement.
- All Related Party contracts/arrangements shall require approval of the Audit committee of the Board of Directors or the shareholders of the company as the case may be, as required under and subject to the Act and the Listing Regulations.

**D. Review and approval of Related Party Transactions:**

**Board of Directors and Shareholders' approval:**

In accordance with Section 188 of the Companies Act, 2013 and SEBI Listing Regulations, the Board of Directors and Shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

**1. Approval of Audit Committee:**

- All Related Party Transactions shall require prior approval of the Audit Committee either at a meeting or by resolutions by circulations. Any member of the committee who has potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction.
- Audit Committee shall have all rights to call for information/documents in order to understand the scope of the proposed related party transactions.
- The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:
  - (i) The Audit Committee shall lay down the criteria for granting 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 the following:
    - Name(s) of the Related Party;
    - Nature of the 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.

(iv) In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1,00,00,000 (Rupees one crore) per transaction;

(v) The 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;

(vi) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

**2. Board of Directors and Shareholders' approval in terms of Companies Act, 2013:**

All Related Party Transactions, which are either not on arm's length basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors.

Provided the transactions as prescribed below shall be further recommend by the Board of Directors for the approval of the Shareholders of the Company by way of Ordinary Resolution, as provided under Section 188 of the Companies Act, 2013 read with related rules issued thereunder:

| Sr. No. | Description of Transaction | Threshold Limits |
|---|---|---|
| 1 | Sale, purchase or supply of any goods or materials | 10% or more of the turnover of the Company |
| 2 | Selling or otherwise disposing of or buying property of any kind | 10% or more of the net worth of the Company |
| 3 | Leasing of property of any kind | 10% or more of the turnover of the Company |
| 4 | Availing or rendering of any services | 10% or more of the turnover of the Company |
| 5 | Appointment to any office or place of profit in the Company | Monthly remuneration exceeding rupees two and half lakh rupees |
| 6 | Underwriting the subscription of any securities or derivatives | Remuneration exceeding 1% of the net worth of the Company |
| 7 | Payment to a Related Party with respect to brand usage or royalty | 5% of the annual consolidated turnover of the Company |

**Explanation:** All the transactions mentioned above should be taken individually or together with previous transactions during a financial year and the annual consolidated turnover and net worth shall be computed on the basis of last audited financial statements of the Company.

The prescribed limits shall be governed by the provisions of Section 188 of the Companies Act, 2013 and the relevant Rules framed thereunder, as amended from time to time, and any statutory modification(s), amendment(s), or re-enactment thereof shall be deemed to automatically apply to and modify the aforesaid applicable limits accordingly.

The concerned related party (ies) which are related to that transaction shall not vote to approve such relevant resolution.

**3. Ratification of Related Party Transactions:**

The members of the Audit Committee, who are Independent Directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions: -

a. The value of the ratified transaction(s) with a related party, whether entered individually or taken together, during a financial year shall not exceed rupees one crore.

b. The transaction is not material in terms of the provisions of Regulation 23(1) of the SEBI Listing Regulations.

c. Rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification.

d. The details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Regulation 23(9) of the SEBI Listing Regulations and any other conditions as directed by the Audit Committee.

Provided that, failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

**4. Disclosures**

⇒ Particulars of contracts or arrangements with Related Parties referred to in sub-Section (1) of Section 188 shall be disclosed in the Directors Report pursuant to any statutory requirement, if any.

⇒ The Company shall disclose this Policy on its website and a web link thereto shall be provided in the Annual Report. In addition to the above, the Company shall disclose related party transactions from time to time in the prescribed format as may be required by the statutory authorities.

**5. Interpretation**

⇒ Any words used in this Policy but not defined herein shall have the same meaning as the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Accounting Standards or any other relevant legislation / law applicable to the Company.

⇒ In case of any dispute or difference between the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit

**6. Policy Review**

This Policy is framed in accordance with the applicable provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, rules, regulations, circulars, and guidelines in force from time to time.

The provisions of this Policy shall be subject to, and shall be interpreted in accordance with, the aforesaid laws, rules, regulations, circulars, and guidelines.

Any statutory amendment, modification, clarification, substitution, or re-enactment of any applicable law, rule, regulation, circular, or guideline shall be deemed to have been incorporated herein automatically, and this Policy shall be read and construed accordingly, without requiring any further amendment into the Policy.

In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or any other regulations ("the Regulations") which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy.

The Policy shall be reviewed and recommended by the Audit Committee at least once in every three years or as and when any changes are to be incorporated in the Policy due to change in the Regulations or as may be felt appropriate by the Audit Committee, whichever is earlier for approval of the Board of Directors. Any changes or modification to the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.

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