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RELATED PARTY TRANSACTIONS POLICY OF RAMDEVBABA SOLVENT LIMITED

Ramdevbaba Solvent Ltd.
(Formerly known as Ramdevbaba Solvent Pvt. Ltd.)

RELATED PARTY TRANSACTIONS POLICY

1. Preamble:

The Board of Directors, hereinafter referred to as “the Board” of Ramdevbaba Solvent Limited has adopted Related Party Transactions Policy, hereinafter referred to as “this Policy” to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval. This Policy also aims to comply with the provisions of Section 188 of the Companies Act 2013 and Regulation 23 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, as amended by Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 and Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 (SEBI Listing Regulations). This Policy applies to transactions between the Company and one or more of its Related Party (ies) as defined here in below. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.

2. Purpose :

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This Policy deals with materiality threshold, process of identification, disclosures and the manner of dealing Transactions with Related Party by the Company keeping in view the provisions of the Act read with the rules made thereunder and LODR.

Further, as per regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or any amendment(s) thereto or any substitution(s) or any re-enactment (s) made thereof, for the time being in force (‘Listing Regulations’) a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of related party transaction. This policy lays down the mechanism to deal with related party transaction(s).

3. Definitions :

“**Act**” means the Companies Act, 2013 and Rules thereunder and includes an amendment thereof.

“**Regulation**” means the Regulation No. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Arm’s length transaction (‘ALP’)**” 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 Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of LODR and Section 177 of the Act.

“Board of Directors” or “Board” in relation to the Company means the collective body of the directors of Ramdevbaba Solvent Limited.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“Company” means Ramdevbaba Solvent Limited.

“Key Managerial Personnel” (KMP) in relation to the Company means:

- i. the Chief Executive Officer, or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the Whole-time director;
- iv. Chief Financial Officer; and
- v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi. such other officer as may be prescribed.

“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 **Rs. Fifty Crore or ten percent of the annual consolidated turnover of the company** as per the last audited financial statements of the company.

“Material Modification(s)” 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.

“Related Party”, with reference to a Company, shall have the same meaning as defined in Section 2(76) of the Companies Act, 2013 or Listing Regulations or under the applicable accounting standards as amended from time to time.

“Related Party Transaction” (RPT) means –

- ❖ For the purpose of the Act, specified transaction mentioned in clause (a) to (g) of subsection 1 of Section 188;
- ❖ for the purpose of LODR, a transaction involving a transfer of resources, services or obligations between:
 - i. the 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. the 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 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:

Provided that the following shall not be a related party transaction:

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 by the Company 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. retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

“Relatives” with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with clause 4 of The Companies (Specification of definition details) Rules, 2014.

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act, LODR, Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation.

4. Materiality Thresholds

The Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required by way of a special resolution. The Company has fixed its materiality threshold as follows:

- ❖ a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, **exceeds rupees Fifty 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, for the purpose of the Listing Regulations;

5. Policy On Related Party Transactions

The policy describes the procedure to be followed along with the reporting and disclosure requirements for the transactions entered between the Company and its Related Parties.

Such transactions shall be deemed appropriate only if they are in the best interest of the Company and its shareholders. In order to ensure the same and to set forth the procedure for entering into and execution of transactions with Related Party, the board of directors of the Company has adopted this Policy.

a) Procedure for identification of potential related parties

- ❖ Once a year, declarations will be obtained by the Company Secretary or Compliance Officer as the case may be from the Directors and KMP and other related parties within the meaning of Section 2(76), 184 and 189 of the Act and LODR in the prescribed format.
- ❖ The declarations will also be required to be updated by the Directors and KMP regularly immediately upon a change taking place.
- ❖ Any individual appointed/elected as a director or KMP shall be responsible to promptly complete and submit to the Company Secretary or Compliance Officer as the case may be, the disclosure declaration referred to above.
- ❖ The Company Secretary or Compliance Officer as the case may be shall, in every meeting, place before the Audit Committee an up-to date list of the related parties of the Company.

b) 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 RPT involving him/her or his/her relative, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential transactions with Related Party well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

c) Approval of Related Party Transactions

(i) Prior approval of Audit Committee

All Transactions with Related Party of the Company as prescribed under the Act and LODR shall require prior approval of Audit Committee, whether at a meeting or by Resolution by circulation.

A RPT to which the Company's subsidiary is a party but the Company is not, will require prior approval of the Company's Audit Committee if the value of such transaction whether entered individually or taken together with previous transactions during a financial year, exceeds 10% of the subsidiary's annual standalone turnover, as per the subsidiary's last audited financial statements.

Remuneration and sitting fees paid by the Company or its subsidiary to its director key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

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:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material transaction
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

If any 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 authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.”

However, the Audit Committee may grant omnibus approval for such Transactions proposed to be entered into by the Company subject to the following conditions:-

- ❖ The Audit Committee shall after obtaining approval of the Board of Directors, lay down the criteria for granting the omnibus approval in line with the policy on RPTs of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ❖ The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- ❖ The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -
 - i. repetitiveness of the transactions (in past or in future);
 - ii. justification for the need of omnibus approval
- ❖ Such omnibus approval shall specify the following:
 - the name/s of the related party, nature of 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;

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rupees One crore per transaction.

- ❖ In case where RPT as defined under that Act are not in ordinary course of business or not on arm's length basis or both, such RPT will also require prior approval of Board of Directors of the Company.
- ❖ Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

Any member of the Audit Committee who has a potential interest in any RPT will abstain from discussion and voting on the approval of the RPT.

(ii) Prior approval of Board of Directors under the Act

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval.
- Transactions meeting the materiality thresholds laid down in this Policy, which are intended to be placed before the shareholders for approval.

(iii) Shareholders' approval requirements

Shareholder's approval shall be sought in the following cases as per the requirements of the Act:

- ❖ RPTs covered within the scope of Section 188 of the Act; which are either not in the 'Ordinary Course of Business' or are not on an 'Arm's Length Basis' and exceed the

threshold prescribed under the rules made thereunder, shall require prior approval of the shareholders through special resolution.

- ❖ No member of the Company shall vote in a special resolution where a related party contract or arrangement is being considered if such a member is a related party in the context of the contract or arrangement which is being considered.

Shareholder's approval shall be sought in the following cases as per the requirements of LODR:

- ❖ All Material RPTs covered within the scope of LODR shall require approval of the shareholders through special resolution. For this purpose, no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not
- ❖ However, the above shall not be applicable to:
 - transactions between Ramdevbaba Solvent Limited and its wholly owned subsidiary whose accounts are consolidated with Ramdevbaba Solvent Limited and placed before the shareholders at the general meeting for approval; and
 - such other transactions as may be exempted by LODR, if not covered under the Act.

6. Related Party Transactions Not Approved Under This Policy

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7. Disclosures:

Disclosures with respect to Transactions with Related Party shall be made as per applicable provisions of the Act and LODR. In addition to the disclosures required under Accounting Standard, Related Party Transactions that are not at arm's length basis and

Material Related Party Transactions that are at arm's length or such other transactions as may be statutorily required, shall be disclosed in the Annual Report of the Company.

Provided further that the remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is a part of promoter or promoter group, shall not require disclosure under this sub regulation provided that the same is not material.

8. Review & Revision:

The Audit Committee of the Company shall review the policy annually and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company. Compliance of this policy shall be the responsibility of Board of Directors of the company who shall have the power to provide all the relevant information to the concern departments of the company on timely basis.

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.
