



S J Logistics (India) Limited

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

Version	Effective Date	Review Date	Prepared By	Reviewed By	Approved By
1.0	September 02, 2023	September 02, 2023	Secretarial Team	Jeet Shah, CFO	Board of Directors

Limitation and Amendments:

The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

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1. Objective

The objective of this Policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company in this regard and to ensure proper approval and reporting of transactions between the Company and its Related Parties.

2. Definition:

- a. **“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.
- b. **“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.
- c. **“Audit Committee”** means Committee of Board of Directors of the Company constituted under the provisions of the Regulations and the Act.
- d. **“Board”** means the Board of Directors of the Company.
- e. **“Company” or “SJL”** means S J Logistics (India) Limited
- f. **“Key Managerial Personnel” or “KMPs”** means Key Managerial Personnel as defined under the Act and includes:
 - (i) Managing Director, or Chief Executive Officer or Manager;
 - (ii) the Whole Time Director;
 - (iii) Company Secretary;
 - (iv) Chief Financial Officer;
 - (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.
- g. **“Material Modification”** means any modification related to change in price, tenure, delivery schedule, non-statutory obligations, terms and conditions or short closure of any contract or arrangement with related party.
- h. **“Material Related Party Transaction”** means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
 - (i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5 % of the annual consolidated turnover of the Company as per its last audited financial statements;
 - (ii) In case of any other Transaction, if the amount of the Transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10 % of the annual consolidated turnover of the Company as per its last audited financial statements, (whichever is lower)
- i. **“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) whether the activity is in furtherance of business
- (iii) whether the activity is repetitive and frequent
- (iv) historical practice with a pattern of frequency;
- (v) common commercial practice; or
- (vi) meets any other parameters / criteria as decided by the Board/Audit Committee, from time to time.

j. **“Policy”** shall mean the Policy on Related Party Transactions as amended from time to time.

k. **“Related Party”** is a person or an Entity which is:

- (i) A related party under section 2(76) of the act;
- (ii) A related Party under the Accounting Standards;
- (iii) A related Party under the Regulation 2(1) (zb) of the SEBI LODR Regulations

Provided that:

- i. any person or entity forming a part of the promoter or promoter group of the listed entity; or
- ii. any person or any entity, holding equity shares of ten per cent or more, with effect from in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, at any time, during the immediate preceding financial year;

shall be deemed to be a related party

l. **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity or any of its subsidiaries;

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 listed entity 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 Board.
- m. “Relative”** means any person as per Section 2(77) of the Act and rules prescribed there under and as per Regulation 2(1) (zd) of the Regulations as amended from time to time, includes anyone who is related to another, if
- (i) They are members of a Hindu Undivided Family; or
 - (ii) They are husband or wife; or
 - (iii) One person is related to the another in the following manner, namely:
 - a) Father, includes step-father
 - b) Mother, includes step-mother
 - c) Son includes step-son
 - d) Son’s wife
 - e) Daughter
 - f) Daughter’s husband
 - g) Brother includes step-brother
 - h) Sister includes step-sister
- n. “Transactions in the ordinary course of business”** mean transactions/activities that are connected to or necessary for the business of the Company and satisfy the following principles:
- a) The transaction/activity is permitted under the Memorandum and the Articles of Association of the Company;
 - b) The transaction/activity is carried on a frequent or regular basis or is as per the industry practise and
 - c) The terms of the transaction/activity are similar to those which would be otherwise applicable to transactions with unrelated parties.
- o. “The Act”** means the Companies Act 2013 together with the Rules notified there under, including any statutory modifications or re-enactments thereof for the time being in force.
- p. “The Regulations”** mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.
- q. “Unforeseen Related Party Transaction”** means a related party transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one crore per transaction.

Any term, word and phrases not defined herein shall have the same meanings as assigned to them under the Act and the Rules made thereunder, SEBI Listing Regulations applicable Accounting Standards, as amended from time to time to the extent applicable to the Company.

3. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for prior approval of the Committee or the Board or the Shareholders as required under this Policy.

(i) Identification of Related Party Transactions:

- a. Each Director and Key Managerial Personnel is responsible for providing notice to the Board/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. Upon receipt of such notice, the CFO is authorised to determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- b. The CFO shall be responsible for keeping a record of all Related Parties of the Company and the transactions with all Related Parties at all times.
- c. As regards transactions with Related Parties that require prior approval of the Board/Audit Committee, the CFO shall be responsible to notify the Board/ Audit Committee of any such potential Related Party Transactions.
- d. The notice of any potential Related Party Transaction shall be given well in advance to the Board/ Audit Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).

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(ii) Approval for Related Party Transactions and any subsequent material modification:

The Company shall not enter into any Related Party Transaction except as stated hereinafter.

a. Transactions requiring approval of Audit Committee

- All Related Party Transactions and subsequent material modification shall require approval of the Audit Committee. Provided that only those members of the Audit Committee, who are Independent Directors, shall approve such Related Party Transactions.
- A **prior approval** of the Audit Committee shall be required for all Related Party Transactions except for the following:
 - i. transactions between the Company and its wholly owned subsidiary/(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval (“WOS Transactions”)
 - ii. Provided that any of the above Related Party Transaction which is not in the ordinary course of business or not at arm’s length shall require a prior approval of the Audit Committee.

iii. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

iv. Unforeseen Related Party Transactions

b. Transactions requiring approval of Board

- All Related Party Transactions and subsequent material modification which are not in the ordinary course of business or not at arm's length price and which are within the limits prescribed under the Act.
- Related Party Transactions referred by Audit Committee for approval of the Board
- Material Related Party Transactions.

c. Transactions requiring approval of Shareholders of the Company

- All Related Party Transactions and subsequent material modifications which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act.
- Related Party Transactions referred by Board for approval of the Shareholders.
- All Material Related Party Transactions and any subsequent material modifications.

Note:

No related party shall vote to approve relevant shareholders resolutions irrespective of whether the entity is a related party to the particular transaction or not.

d. Deemed Approval

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant committee shall be deemed to be approved for the purpose of this Policy. Such transactions are enumerated below:

- i. Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
- ii. Payment of remuneration, fees, commission, etc. to directors pursuant to approval of the Nomination and Remuneration Committee;
- iii. Payments made to/received from Directors or Key Managerial Personnel pursuant to share based incentive plans as approved by shareholders.
- iv. Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.
- v. Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

4. Approval & Review Mechanism

- a. While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and subsequent material modification as prescribed under the Laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.

- b. The Audit Committee may grant omnibus approval for Related Party Transactions considering the repetitive nature of the transactions.
- c. The Audit Committee, shall, after being authorized by the Board of Directors, specify the criteria for granting omnibus approvals to the Related Party Transactions proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such omnibus approvals shall be valid for one financial year. The Audit Committee shall, while granting such omnibus approvals, satisfy itself about the adherence to the criteria so specified by it.
- d. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company.
- e. The omnibus approval granted by the Audit Committee shall include the following particulars:
 - i. Name of the related parties;
 - ii. Nature and duration of the transaction;
 - iii. Maximum amount of transaction that can be entered into;
 - iv. The indicative base price or current contracted price and the formula for variation in the price, if any; and
 - v. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
- f. In case of Unforeseen Related Party Transactions, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs. 1 crore per transaction in a financial year.
- g. The Audit Committee shall not grant omnibus approval for transactions in respect of selling or disposing of the undertaking of the Company.
- h. All Material Related Party Transactions shall be reviewed and validated by the Statutory Auditors of the Company and a confirmation of the same shall be made to the Audit Committee, the Board of Directors and the Shareholders of the Company while seeking the necessary approvals.
- i. Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.
- j. The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.
- k. On a quarterly basis, the management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions.

5. General

- a. The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy at least once in a year or earlier or later for making suitable amendments for better implementation of the Policy.
- b. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- c. The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These

will, however, be reported to or placed before the Audit Committee, from time to time, to ensure the Committee's oversight on these issues.

- d. In the event of any conflict between the provisions of this Policy and of the Act or SEBI Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended/modified in due course to make it consistent with the law.

6. Disclosures

Appropriate disclosures as required under the Laws shall be made in its Annual Return, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.
