



**MATERIAL RELATED PARTY TRANSACTIONS (RPT) POLICY
OF**

VARVEE GLOBAL LIMITED

(FORMERLY KNOWN AS AARVEE DENIMS AND EXPORTS LTD)

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MATERIAL RELATED PARTY TRANSACTIONS (RPT) POLICY AND DEALING WITH RELATED PARTY TRANSACTIONS

(As per SEBI LODR Regulations, 2015 and Companies Act, 2013)

1. Objective

This Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions (hereinafter referred to as "Policy") is formulated to ensure proper approval and reporting of related party transactions (RPTs) as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments from time to time. Primarily, this policy is framed as per requirement of Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI LODR").

The objective is to ensure due and proper compliance for approval/ ratification and reporting of transactions between the Company and its Related Parties.

This Policy shall supplement Company's other policies & practices/ delegation of authorities /manual of authorities etc. which require approval of the Contracts or Arrangement in specified manner and by specified authority

3. Key Definitions

3.1 Related Party

As defined under:

- Section 2(76) of the Companies Act, 2013, and
- Regulation 2(1) (zb) of SEBI LODR Regulations, 2015.

Related Party as per Section 2(76) of the Companies Act, in relation to the company, means a party related to the company in any of the ways:

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager and holds is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) any body 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;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

[(viii) any company which is—

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(C) an investing company or the venturer of the company;";

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.]

(ix) such other person as may be prescribed;

Related Party as per Regulation 2(1)(zb) of the SEBI (LODR), 2015 means a related party as defined in Section 2(76) of the Companies Act, 2013 (as mentioned above) or as per applicable accounting standards.

Provided that any person or entity forming a part of the promoter or promoter group of the listed entity or holding 10% or more of shareholding 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 the immediate preceding financial year shall be deemed to be a related party.

3.2 Related Party Transaction (RPT)

Any transaction involving a transfer of resources, services, or obligations between the Company and a related party, regardless of whether a price is charged.

Includes transactions defined under:

- Section 188 of the Companies Act, 2013.
- Regulation 2(1)(zc) of SEBI LODR Regulations.

As per Section 188 of the Companies Act, 2013, any contract or arrangement with respect to the following shall be considered as a Related Party Transactions:

i) sale, purchase or supply of any goods or materials;

ii) selling or otherwise disposing of, or buying, property of any kind;

iii) leasing of property of any kind;

iv) availing or rendering of any services;

v) appointment of any agent for purchase or sale of goods, materials, services or property;

vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

vii) underwriting the subscription of any securities or derivatives thereof of the Company.

As per Regulation 2(1)(zc) of the SEBI LODR, a transaction involving a transfer of resources, services or obligations between:

(i) The Company or any of its subsidiaries on one hand and its related party 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 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 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 including interest thereon 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:

(d) acceptance of current account deposits and saving account deposits including interest thereon 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:

(e) retail purchases from any listed entity 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.

3.3 Material RPT

As per **Regulation 23(1)** of SEBI LODR:

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 the thresholds specified in Schedule XII of these regulations

Consolidated Turnover of Listed Entity	Threshold
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹ 20,000 Crore to upto ₹40,000 Crore	₹ 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹ 5000 Crores, whichever is lower

Notwithstanding the above, with effect from July 01, 2019, 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

3.4 Arm's Length Transaction

A transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest as per Section 188 of the Companies Act, 2013.

3.5 "Relative"

Relative means as defined under Section 2(77) of the Companies Act, 2013 and under SEBI LODR, as amended from time to time.

Accordingly, "relative", with reference to any person, means anyone who is related to another, if—

- (i) They are members of a Hindu undivided family ;
- (ii) They are husband and wife ;
- (iii) one person is related to the other in such manner as may be prescribed

As per Rule 4 of Companies (Specification of definitions details) Rules, 2014 includes a person who shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely: -

- (i) Father (including step-father)
- (ii) Mother (including step-mother)
- (iii) Son (including step-son)
- (iv) Son's wife
- (v) Daughter
- (vi) Daughter's husband
- (vii) Brother (including step-brother)
- (viii) Sister (including step-sister)

3.6 “Material Modifications of Related Party Transaction”

This means and include any modification to an existing related party transaction having variance of 30% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be. However, the change in the value of RPT on account of changes beyond the control of the Related Parties shall not be considered as Material Modification such as change due to revision / imposition of statutory levies like taxes, duties, etc.

3.7“Office or place of profit”

means any office or place—

- (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

3.8 “Ordinary course of business”

An activity which is carried on by the business is in the ‘ordinary course of business’ if:

- a). the activity is covered in the objects clause of the Memorandum of Association
- b). the activity is in furtherance of the business
- c). the activity is normal or otherwise routine for the particular business
- d). the activity is repetitive/frequent

- e). the income, if any, earned from such activity/transaction is treated as business income in the company's books of account
- f). if the transactions are common in the industry
- g). if there is any historical practice to conduct such activities
- h). The financial scale of the activity with regard to the operations of the business
- l). Revenue generated by the activity
- j). Resources committed to the activity

4. Identification of Related Parties and RPTs

- The Company Secretary and CFO shall maintain and update the list of Related Parties.
- Directors and KMPs must disclose their interest/relationship with any party as required under Section 184 of the Companies Act, 2013.
- For the purpose of determining whether a person/ entity is a related party due to shareholding, the CS/CFO will have to do a retrospective examination and see the shareholding of 10% **at any time during the immediately preceding financial year**. If such holdings exceed the threshold limit of 100% or such person/ entity falls under promoter or promoter group category, they will be identified as a related party.

6. Approval Procedure:

I. Approval by Audit Committee:

Pursuant to Regulation 23 of the Listing Regulations and Section 177 of the Companies Act, 2013, all Related Party Transactions (RPTs) and subsequent material modifications require prior approval of the Audit Committee, whether at a meeting, by circular resolution, or through any other mode permitted under the Act, Rules or Listing Regulations, subject to the following:

1. Omnibus approval:

a) The Audit Committee may grant omnibus approval for Related Party Transactions (RPTs) proposed to be entered into by the Company or its subsidiary, provided it is satisfied that such approval is necessary and in the best interest of the Company and/or its subsidiary. Omnibus approval may be granted for proposed transactions subject to the following conditions:

- i. The transactions are repetitive in nature;
- ii. The transactions are conducted on an arm's length basis;
- iii. The transactions are in the ordinary course of business. b) The omnibus approval shall specify the following details: i. Name of the related party; ii. Nature of transaction;
- iii. Period of transaction;
- iv. Maximum amount of transaction;

- v. Indicative base price / current contracted price and formula for variation in price, if any and
- vi. Any other conditions as the Audit Committee may deem fit.

Such transactions shall be deemed to be pre-approved and shall not require further approval of the Audit Committee for each specific transaction unless there is a revision in the price, value or material terms of the contract or arrangement. Any such proposed variation or amendment shall require prior approval of the Audit Committee.

Provided that where the need for a Related Party Transaction cannot be foreseen, and the details mentioned above points i to vi are not available, the Audit Committee may grant omnibus approval for such transactions, subject to the transaction value not exceeding rupees one crore per transaction. The details of such transaction shall be reported at the next meeting of the Committee for ratification.

c) The Audit Committee shall review on a quarterly basis, the details of RPTs entered into by the Company and/or its subsidiary pursuant to omnibus approvals granted. Each omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval upon expiry of that period.

2. Ratification of Related Party Transactions

The Audit Committee may ratify Related Party Transactions (RPTs) at the immediate next meeting of the Audit Committee, subject to the following conditions: a) The value of the transaction(s) with the related party, whether entered into individually or in aggregate during a financial year, does not exceed rupees one crore; b) The transaction is not material in terms of this Policy and as defined under Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended time to time; c) The rationale for not obtaining prior approval shall be presented to the Audit Committee at the time of seeking ratification;

d) The details of such ratified transactions shall be disclosed along with other Related Party Transactions as per the disclosure requirements under Regulation 23(9) of the SEBI (LODR) Regulations, 2015, as amended; e) Any other conditions as may be prescribed by the Audit Committee.

In the event the Company becomes aware of a Related Party Transaction (RPT) that has not been approved or ratified in accordance with this Policy, such transaction shall be placed, as promptly as practicable, before the Audit Committee, the Board of Directors or the Shareholders, as may be required under this Policy, for review and ratification. The Audit Committee, Board or Shareholders, as applicable, shall consider all relevant facts and circumstances pertaining to the transaction and shall evaluate the available options, including but not limited to ratification, revision, or termination of the transaction. The Company shall take such action as deemed appropriate by the Audit Committee or Board, under the circumstances.

II. Approval of Board of Directors:

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length basis, the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale

for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

III. Approval by Shareholders:

All material related party transactions and subsequent material modifications therein shall require prior approval of the Shareholders of the Company.

All Related Party Transactions, entered into either individually or taken together with the previous transactions during a financial year (for A to D), which are not in ordinary course of business and/or not entered on arm's length basis, whose value exceeds the threshold limits as prescribed in Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board & its Powers) Rules, 2014, as given below:

S.No	Nature of transaction as per Section 188 of the Companies Act, 2013	Threshold limit* for seeking approval of shareholders
A	sale, purchase or supply of any goods or materials, directly or through appointment of agent	10% or more of the turnover of the Company
B	selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent	10% or more of net worth of the Company.
C	leasing of property of any kind	10% or more of the turnover of the Company
D	availing or rendering of any services, directly or through appointment of agent	10% or more of the turnover of the Company
E	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 Rs. 2.50 Lakh
F	Underwriting for the subscription of any securities or derivatives thereof, of the company.	At a remuneration exceeding 1% of the Net Worth of the Company

*The turnover or net worth shall be computed on the basis of the audited financial statement of the preceding financial year.

(3) The explanatory statement to be annexed to the notice of a general meeting convened shall contain the following particulars, namely:-

- (a) name of the related party;
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangements;

(e) any other information relevant or important for the members to take a decision on the proposed resolution.

Any member of the Company who is a related party shall not vote on any resolution to approve any contract or arrangement which may be entered into by the company except where ninety per cent. or more members, in number, are relatives of promoters or are related parties.

Where any contract or arrangement, which is considered as a related party transaction exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the consent of the Board or the shareholders of the Company, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into and in case such transaction is not ratified within the specified period, such contract or arrangement shall be voidable at the option of the Board or shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the Directors concerned shall indemnify the Company against any loss incurred by it.

Approval Matrix

Transaction Type	Audit Committee	Board Directors	of Shareholders
RPT (not material, at arm's length and in ordinary course)	Prior Approval	Not Required	Not Required
RPT (not at arm's length or not in ordinary course)	Prior Approval	Required under Companies Act	If thresholds under Section 188(1) are crossed
Material RPT (as per SEBI LODR)	Prior Approval (mandatory)	Not Mandatory	Mandatory via ordinary resolution – Related parties cannot vote
Omnibus (repetitive RPTs)	Approval Permitted for 1 year, renewable	–	–

7. Disclosure Requirements

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website. Such disclosures every six months on the date of publication of its financial results.

The remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

Every contract or arrangement entered into Related Parties under Section 188 of the Companies Act, 2013 shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.



The Company shall disclose policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report

8. Non-Compliance

Any transaction entered into without prior approval shall be:

- Reviewed by the Audit Committee.
- Ratified within 3 months or otherwise voidable, per Section 188(3) of the Companies Act.

9. Review and Amendments

Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

This policy can be amended by the Board of Directors, based on regulatory changes or recommendations of the Audit Committee. Any such changes shall be consistent with the applicable laws.