

CARTRADE TECH LIMITED



MATERIALITY POLICY FOR RELATED PARTY TRANSACTIONS

1. PREAMBLE

- 1.1 The Board of Directors (hereinafter referred as **the “Board”**) of CarTrade Tech Limited (hereinafter referred as **the “Company”**) has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”).
- 1.2 This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions. This Policy is effective from the date of listing of the securities of the Company on the stock exchanges.
- 1.3 Reference to statutory provisions or regulations shall be construed as meaning and including references to any amendment or re-enactment and any amendments to any statutory provisions or regulations or clarifications applicable to the Policy shall automatically be deemed to be included in the Policy, without any further amendment of the Policy by the Board or relevant committee of the Board.
- 1.4 This Policy shall come into effect from April 1, 2022.

2. OBJECTIVE

- 2.1 This Policy is intended as follows:
- A. To ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time;
 - B. To ensure high standards of Corporate Governance while dealing with related parties.
- 2.2 The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

- 3.1 “**Audit Committee**” or “**Committee**” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.
- 3.2 “**Arm’s Length Basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related **"Board"** means the Board of Directors of the Company as defined under the Companies Act, 2013.

3.3 **"Key Managerial Personnel"** means Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013.

3.4 **"Material Related Party Transaction"** means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds the limits prescribed under Schedule XII of SEBI LODR Regulations or such limits as may be prescribed either in the Companies Act, 2013 or the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 as amended from time to time whichever is stricter.

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 into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

3.5 **"Material Modification"** In terms of SEBI LODR, 'material modification' means any change in the pricing, quantity, or overall transaction value of a previously approved related party transaction where the variance is 20% (twenty percent) or more, or such other threshold as may be notified by SEBI LODR from time to time. .

3.6 **"Ordinary Course of Business"** means the course of business in which Transactions are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets transactions, except:

- A. transactions involving transfer/ demerger/ acquisition/ business restructuring transaction of a business or a unit thereof;
- B. lending/ borrowing/ providing or receiving guarantees to/ from entities other than the entities which are consolidated in the Company's Consolidated Financial Statements;
- C. investing in equity or instruments convertible in equity of the entities other than the entities which are consolidated in the Company's Consolidated Financial Statements as per approved budget or divesting any such investment for 10% (ten percent) of the Company's net worth, whichever is lower;
- D. any other items which are required to be reported as 'Exceptional Item' in the Company's annual financial statements.

3.7 **"Related Party"** means a related party as defined under the Companies Act, 2013 read with Regulation 2

(1) (zb) and 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Indian Accounting Standards, as amended from time to time.

- 3.8 **“Related Party Transaction”** means Related Party Transaction as defined under Regulation 2(zc) of LODR.
- 3.9 **“Relative”** means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner –
- A. Members of a Hindu undivided family;
 - B. Husband or wife;
 - C. Father (including step-father);
 - D. Mother (including step-mother);
 - E. Son (including step-son);
 - F. Son’s wife;
 - G. Daughter;
 - H. Daughter’s husband;
 - I. Brother (including step-brother); or
 - J. Sister (including step-sister).
- 3.10 **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions in a contract.
- 3.11 **“Subsidiary Company”** means as defined under Companies Act, 2013 read with related rules issued thereon including any statutory modification and amendment thereof as may be issued from time to time.
- 3.12 The terms Director and Key Managerial Personnel shall have the same meaning as assigned under the Companies Act, 2013.
- 3.13 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereof, Indian Accounting Standards; and or any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

4. POLICY

The Audit Committee shall review and approve all Related Party Transactions irrespective of its materiality based on this Policy. The Audit Committee shall also approve any subsequent material modification of Related Party Transactions.

Further, only those members of the Audit Committee who are independent directors shall approve all related party transactions.

- 4.1 All proposed Related Party Transactions irrespective of its materiality must be reported to the Audit Committee for its prior approval in accordance with this Policy. In the case of frequent /

regular / repetitive transactions which are in the normal course of business of the Company, the Audit Committee

may grant standing pre –approval/ omnibus approval, details whereof are given in a separate section of this Policy.

- Every related party transaction to be entered into by the subsidiary of the Company to which the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction is above rupees one crore and the said value exceeds the following:
 - (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
 - (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations

Every related party transaction to be entered into by the subsidiary of the Company to which the Company is not a party, and the subsidiary which is a party to the transaction does not have latest audited financials for a period of last one year, then prior approval of the audit Committee of the Company shall be required if the value of such transaction is above rupees one crore and exceeds the lower of the following:

- (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee

- Prior approval of the audit committee shall not be required for a related party transaction to which listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing regulations are applicable to such listed subsidiary;
- 4.2 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 approval of the audit committee provided that the same is not material in terms of the provisions of sub- regulation 23(1) of the LODR.
- 4.3 The Audit Committee shall be provided such details as may be required to assess the RPTs including the information required to be provided as per the Companies Act, 2013 and LODR.

- 4.4 Transaction(s), other than transactions referred to under Section 188 of the Companies Act, 2013 entered into between the company and its wholly owned subsidiary or between two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at General Meetings for approval shall not require approval of the Audit Committee.
- 4.5 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 in terms of the provisions of regulation 23 (1) of LODR;
 - (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 disclosure of related party transactions in terms of the provisions of regulation 23(9) of LODR;
 - (v) Any other condition as specified 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 authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

5. IDENTIFICATION OF RELATED PARTY TRANSACTIONS:

- 5.1 Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per *Annexure 1* containing the following information to the company secretary on an annual basis:
- A. Names of his / her Relatives;
 - B. Partnership firms in which he / she or his / her Relative is a partner;
 - C. Hindu Undivided Family in which he / she or his / her Relative is a member;
 - D. Private Companies / body corporate in which he / she or his / her Relative is a member or Director;
 - E. Body corporate in which a body corporate as provided in (D) is a member;
 - F. Public Companies in which he / she is a Director and holds along with his/her Relatives morethan 2% of paid up share capital;
 - G. Anybody corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
 - H. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).
- 5.2 Every Director and Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

- 5.3 The company secretary / compliance officer/ chief financial officer shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –
- A. All Directors and Key Managerial Personnel;
 - B. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
 - C. Company's holding company, subsidiary companies and associate companies including their Relative;
 - D. Subsidiaries of holding company;
 - E. Director or Key Managerial Personnel of the holding company or their Relatives;
 - F. All group entities; and
 - G. Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act, 2013 read with LODR or the relevant accounting standard.
- 5.4 The database shall be updated whenever necessary and shall be reviewed at least once a year jointly by the Company Secretary / Compliance Officer. The functional / business heads / Chief Financial Officer / Company Secretary shall have access to the updated database.
- 5.5 Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Committee and the Board.
- 5.6 The suggested details, list of records, and supporting documents required to be provided with the Notice of the proposed transaction are set out in Annexure 2 or as per Clause 15 of this Policy, whichever is applicable.
- 5.7 The Company Secretary / Compliance Officer in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. Based on this Notice, the Company Secretary / Compliance Officer will take it up for necessary approvals under this Policy.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

- 6.1 All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction may remain present in the meeting but shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not and shall not be counted in determining the presence of a quorum when such transaction is considered. All Related Party Transactions shall be approved by only those members of the Audit Committee who are independent directors.

7. CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

- 7.1 While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.
- 7.2 Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:
- A. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
 - B. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - C. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
 - D. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- 7.3 While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

8. APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

- 8.1 In the event the management of the Company determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction which are in ordinary course and on arm's length basis may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled

meeting.

9. APPROVAL BY THE BOARD

- 9.1 If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

10. STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

- 10.1 In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / omnibus approval for related party transactions proposed to be entered into by the listed entity or its subsidiary. While granting the approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:
- A. Name of the Related Party;
 - B. Nature of the transaction;
 - C. Period of the transaction;
 - D. Maximum amount of the transactions that can be entered into;
 - E. Indicative base price / current contracted price and formula for variation in price, if any; and
 - F. Such other conditions as the Audit Committee may deem fit.
- 10.2 Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee. The Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given, if any. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the listed entity pursuant to each of the omnibus approvals given, if any.
- 10.3 Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding rupees one crore. The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification. Further, the Committee shall on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy.
- 10.4 Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals

after the expiry of one year.

11. APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

- 11.1 All Material Related Party Transactions shall require prior approval of the shareholders through resolution and the Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

12. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

- 12.1 Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:
- A. Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
 - B. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
 - C. Any transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
 - D. Any transactions entered into between two wholly-owned subsidiaries of the company, where accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
 - E. As per regulation 23(5) of LODR transaction which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

13. TRANSACTIONS NOT IN THE ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

- 13.1 All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through resolution and the Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

14. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

- 14.1 In the event the Company becomes aware of a Related Party Transaction other than Material Related Party Transaction, that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board or the

shareholders as may be required in accordance with this Policy for review and ratification.

- 14.2 The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee may deem appropriate under the circumstances.

15. MINIMUM INFORMATION TO BE PROVIDED FOR REVIEW OF THE AUDIT COMMITTEE AND SHAREHOLDERS FOR APPROVAL OF RELATED PARTY TRANSACTION(S)

- 15.1 The Company shall ensure compliance with the Industry Standards On “Minimum Information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as made applicable and may be amended by SEBI from time to time.

16. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

- 16.1 Every Related Party Transaction entered into by the Company shall be referred to in the Board’s report to the shareholders along with justification for entering into such transaction. The Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary / Compliance Officer shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.
- 16.2 The Company shall disclose to the stock exchange along with the compliance report on corporate governance on a quarterly basis details of all material transactions with Related Parties.
- 16.3 The Company shall submit to the stock exchanges disclosures, every six months on the date of publication of its standalone and consolidated financial results, of related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website.
- 16.4 Director’s report shall contain details of Related Party Transactions as required under the Act and Regulation 23 of the SEBI LODR.

17. LIMITATION

- 17.1 In the event of any conflict between the provisions of this Policy and of the LODR/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such LODR/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

18. DISSEMINATION OF POLICY

- 18.1 Either this Policy or the important provisions of this policy shall be disseminated to all functional

and operational employees and other concerned persons of the Company and shall be hosted on the intranet and website of the Company and web link thereto shall be provided in the annual report of the Company.

19. REVIEW OF POLICY

- 19.1 The Board of Directors of the Company shall review and update the Policy once in every Year or within such period as mandated by any regulatory amendments.
- 19.2 The clear threshold limits under the Policy, duly approved by the Board shall be reviewed by the Board at least once every three years and updated accordingly.

**NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL
PERSONNEL**

To,
The Company Secretary/Compliance Officer
CarTrade Tech Limited

Address Dear Sir,

- A. I,, son/ daughter/ spouse of, resident of, holding Shares (equity or preference) of Rs. 10/- each (.....percent of the paid- up capital) in the Company in my name, being a in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding (No. & %)	Date on which Interest or Concern arose/changed

- B. The Following are the body corporate's whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions:

Sr. No.	Name of the Body Corporate

- C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity):

Sr. No.	Name of person	Relation

D. List of relatives

Relationship	Full Name	Address	Shareholding in the Company
1. Spouse			
2. Father (including Step-Father)			
3. Son (including Step-son)			
4. Daughter			
5. Daughter's Husband			
6. Brother (Including Step-Brother)			
7. Sister (Including Step-Sister)			
8. Mother (including Step-Mother)			
9. Son's Wife			
10. Members of HUF			

Signature :

Name :

Designation:

Place:

Date:

**INFORMATION TO BE PROVIDED TO THE AUDIT COMMITTEE / BOARD IN
RELATION TO THE PROPOSED RELATED PARTY TRANSACTION (TO THE
EXTENT RELEVANT TO THE TRANSACTION):**

- A. Name of the Related Party and nature of relationship;
- B. Nature and duration of the contract/transaction and particulars thereof
- C. Material terms of the contract or arrangement or transaction including the value, if any;
- D. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
- E. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
- F. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
- G. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
- H. Applicable statutory provisions, if any;
- I. Valuation reports in case of sale or purchase or leasing / renting of capital assets or securities;
- J. Justification as to the arm's length nature of the proposed transaction;
- K. Declaration whether the transaction is in the ordinary course of business;
- L. Persons / authority approving the transaction; and
- M. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction or required under applicable law.