

**ALLCARGO LOGISTICS LIMITED**

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**Related Party Transaction Policy**

(Adopted on February 12, 2015)

(Amended on February 13, 2017, February 08, 2019 and August 07, 2019 and March 16, 2022)

## 1. PREAMBLE

Related Party Transactions can present a potential or actual conflict of interest which may be against the interest of the Company and its stakeholders. Considering the requirements for approval of Related Party Transactions as prescribed under Section 188 of the Companies Act, 2013 read with Rules and Regulations framed thereunder (**the “Act”**) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**the “Listing Regulations”**), as amended from time to time, the Board of Directors of Allcargo Logistics Limited (**the “Company” or “ALL”**), based on the recommendation of the Audit Committee, has adopted the following policy and procedures with regard to entering into Transaction(s) with a Related Party(ies) (**“Related Party Transactions” or “RPT”**). The Board may review and amend this policy from time to time considering amendments made in the Act, SEBI Rules and Regulations, Agreement with Stock Exchanges and any other Statute, Acts, Rules, Regulations, Guidelines, Notifications dealing with the subject for the time being in force.

## 2. PURPOSE

This Policy is framed and/or amended as per the requirement of Section 188 of the Act and Regulation 23 of the Listing Regulations and is intended to ensure prior approval, wherever required and disclosure of transactions between the Company and its Related Parties.

## 3. DEFINITIONS

- 3.1. **“Arm’s Length Transaction”** shall mean a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 3.2. **“Audit Committee or Committee”** shall mean the Committee of Board of Directors of the Company constituted/reconstituted under the provisions of the Listing Regulations and the Act, to oversee the accounting and financial reporting process of the Company.
- 3.3. **“Board”** shall mean the Board of Directors of the Company constituted from time to time.
- 3.4. **“Company/ Listed Entity”** means Allcargo Logistics Limited
- 3.5. **“Listed Subsidiary”** means subsidiary of listed entity which is listed on any of the Stock Exchanges
- 3.6. **“Key Managerial Personnel”** means key managerial personnel as defined under the Act and shall include (i) Managing Director, Joint Managing Director, or Chief Executive Officer or Manager and in their absence a Whole-time Director; (ii) Company Secretary; and (iii) Chief Financial Officer; (iv) any other person appointed by the Board of Directors as Key Managerial Personnel.
- 3.7. **“Material Related Party Transaction”** means a transaction / transactions to be entered with a Related Party which individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Further, 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 Company as per the last audited financial statements of the Company.

The above financial thresholds are subject to any amendments made in the Listing Regulations and the Act, from time to time, in which case the above thresholds shall deem to refer to such amended threshold(s).

**3.8. “Material terms”** includes terms which have been defined in the policy.

**3.9. “Ordinary Course of Business”** means a transaction which is:

- Carried out in the normal course of business envisaged in accordance with the Memorandum of Association (“**MOA**”) of the Company as amended from time to time;
- Carried out historically with a pattern of frequency;
- Common commercial or established trade practice;
- Carried out for the business purpose irrespective of its frequency;
- The income, if any, earned from such activity/transaction is assessed as business income in the Company’s books of accounts and hence is a business activity;
- Meets any other parameters / criteria as decided by the Board / Audit Committee from time to time.

**3.10. “Policy”** means Related Party Transaction Policy.

**3.11. “Related Party”** shall mean a related party as defined under Section 2(76) of the Act and as per the applicable Indian Accounting Standard (Ind As) notified by the Ministry of Corporate Affairs, as amended from time to time or such other person as defined under Regulation 2(1)(zb) or any other provisions, if any, of the Listing Regulations.

The definition of related party is subject to any amendments made in the Listing Regulations, Indian Accounting Standard and the Act, from time to time, in which case the above definition shall deem to refer to such amended definition.

Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and SEBI and other Authorities from time to time on the interpretation of the term “Related Party”

**3.12. “Related Party Transaction”** means transactions between the Company and any of its related parties as prescribed under Section 188 of the Act and Regulation 2(1)(zc) of the Listing Regulations, as amended from time to time.

**3.13. “Relative”** means relative as defined under Section 2(77) of the Act, as amended from time to time.

**3.14. “Subsequent Material Modification”** means any modification(s), alteration(s) and/or change(s) to the terms and conditions governing a transaction having any of the material implications which amount to variation up to 20% transaction value or Rs. 10 Crore, whichever is higher.

**3.15. “Transaction”** shall mean and include single transaction or a group of transaction in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act, and the Listing Regulations, or any other applicable law or regulation as amended from time to time.

Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation / law applicable to the Company.

## **4. POLICY**

All Related Party Transactions along with subsequent material modifications must be referred to the Audit Committee for approval, wherever required as per the applicable law and in accordance with this Policy and reviewed by the Audit Committee on a quarterly basis. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Further, all Material Related Party Transactions and subsequent material modifications as defined

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by audit committee shall require prior approval of the shareholders.

This Policy including the clear threshold limits duly approved by the Board shall be reviewed by the Board of Directors at least once in every three years and update it accordingly.

#### **4.1. Identification of Potential Related Party Transactions**

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 Rules framed thereunder and the Listing Regulations as amended from time to time.

The Company has formulated guidelines for identification of Related Party Transactions in accordance with Section 188 of the Act and Regulation 23 of the Listing Regulations. The Company has also formulated guidelines for determining whether a transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional assistance/opinion, if necessary.

All Related Party Transactions shall be verified and certified by an independent professional engaged by the Company from time to time and the report/certificate so obtained from such independent professional shall be placed before the meeting of the Audit Committee held thereafter for its perusal and noting.

Each related party is responsible for disclosing (and periodically updating) particulars of his/her relatives and his/her interest in any other entity either as Director and/or Member and/or Partner etc. Additionally, each related party shall from time to time provide a notice to the Board of any potential Related Party Transaction involving him or her or his/her Relative, including any additional information about the transaction that the Board / Audit Committee may reasonably request.

The Management shall compile a list of Related Parties in accordance with the Act and the Listing Regulations based on the disclosures provided by related party and other information available with the Company.

The Company's Board /Audit Committee strongly prefers to receive such notice of any potential Related Party Transaction well in advance from the respective functional teams so that the Audit Committee/Board will have an adequate time to obtain and review information about the proposed transaction.

#### **4.2. Approval and / or Prohibitions related to Related Party Transactions**

##### **Approval of Audit Committee**

All Related Party Transactions along with subsequent material modification shall require prior approval of Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

All proposed Related Party Transactions will be referred to the ensuing scheduled meeting of Audit Committee for review, and prior approval. All Related Party Transactions carried out by the Company and covered under the provision of omnibus approval by the Audit Committee, shall be reviewed on quarterly basis. Any member of the Committee who has a potential interest in any Related Party Transaction will excuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

To facilitate review of each Related Party Transaction, the Audit Committee will be provided with all relevant information of the Related Party Transaction, including the purpose, terms and details of the transaction, the benefits, rights and obligations of the Company and the Related Party, and any other relevant information. The Committee will consider the following factors, among others, to the extent relevant to approve the Related Party Transaction:

- Whether all information and relevant factors as specified in the Act, Listing Regulations,

Circulars, Notifications, Guidance issued or as may be issued by the Ministry of Corporate Affairs, SEBI or other relevant Authority, from time to time,

- Whether the terms of the Related Party Transaction are fair and on arms- length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of any Independent Director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of, or in connection, with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any related party, taking into account the size of the transaction, the benefits arising therefrom to the Company or Related Party, the direct or indirect nature of the Director's, 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 Board/Committee deem relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, whether in view of internal pre-determined threshold or otherwise or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require prior approval of Audit Committee or Shareholders, unless the Act or the Code of Conduct of the Company require otherwise:

- i. Any transaction(s) between the Company and its wholly owned subsidiary (ies) whose accounts are consolidated with the accounts of the Company.
- ii. 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.
- iii. A related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary
- iv. A related party transaction of unlisted subsidiary of listed subsidiary as specified in point iv. Above, the prior approval of the audit committee of the listed subsidiary will be suffice.

However, the Audit Committee at its discretion may grant omnibus approval for Related Party Transactions proposed to be entered into by and between related parties, subject to the following conditions prescribed under Regulation 23 of the Listing Regulations and the Act.

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company ;

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- c) The omnibus approval shall specify:
- i. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into;
  - ii. the indicative base price / current contracted price and the formula for variation in the price if any; and
  - iii. such other conditions as may be required to be fulfilled in terms of any amendment(s), notifications(s) or direction(s) under the Act/ Listing Regulations or by the Audit Committee.
- Provided that where the need for related party transaction cannot be foreseen and aforesaid details 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.
- d) The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the related parties pursuant to each of the omnibus approvals given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f) In case of transaction, other than transactions referred to in Section 188 of the Act and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.
- g) The provisions of obtaining approval of the Audit Committee shall not apply to a transaction, other than a transaction referred to in Section 188 of the Act, between the company and its wholly owned subsidiary.
- h) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

### **Approval of the Board**

As per Section 188 of the Act, all transactions specified under that Section, which are not in the ordinary course of business and / or not on arm's length basis, would mandatorily be required to be placed before the Board for its consideration and approval.

In addition to the above, the following kinds of transactions with related parties shall also be 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/Audit Committee from time to time require Board's 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 arm's length basis and decides to refer the same to the Board for its consideration and approval;
- Transactions which are in the ordinary course of business and at arm's length basis, but which the Audit Committee's view require Board's approval;
- Transactions meeting the materiality threshold laid down in Clause 3.7 of the Policy which is intended to be placed before the Shareholders for approval;
- Transactions in respect of selling or disposing of the undertaking of the Company;
- Transactions which are not repetitive in nature.

### **Approval of the Shareholders**

All material related party transactions and subsequent modification shall require prior approval of the shareholders through resolution and no related party shall vote such resolutions whether the entity is a related party to the particular transaction or not.

However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company

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and placed before the shareholders at the general meeting for approval.

This shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized Stock Exchanges within one day of the resolution plan being approved.

#### **4.5. Related Party Transactions not approved under this Policy**

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without appropriate approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee shall have the authority to modify or waive any procedural requirements of this Policy.

Where any contract or arrangement is entered into by a related party, without obtaining the consent of the Board or prior approval of shareholders, wherever required, and if it is not 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, such contract or arrangement shall be voidable at the option of the Board or as the case may be, of the shareholders and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it.

Without prejudice to anything contained in the foregoing para, it shall be open to the Company to proceed against any Director or any other employee who had entered into such contract or arrangement in contravention of the provisions of the Act, Rules and the Listing Regulations or the Policy for recovery of any loss sustained by the Company as a result of such contract or arrangement.

#### **4.6 Reporting**

- a. Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
- b. The details of material transactions with related parties will be included in the corporate governance reports which are required to be submitted to the stock exchanges on a quarterly basis.
- c. All Related Party Transactions in which Directors are interested as defined in Section 184 shall be entered in with all the relevant particulars in register maintained as per Form MBP-4 prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014
- d. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report of the Company.
- e. The Company shall submit a disclosure on related party transactions in a manner and within time stipulated by SEBI, from time to time.

#### **4.7 Amendment**

In the event of any conflict between the provisions of this Policy and the Listing Regulations or the Act or any other statutory enactments, rules, the provisions of such Listing Regulations or the Act or statutory enactments, statutory provisions shall prevail over this Policy.

Any subsequent amendment/modification in the Listing Regulations or the Act or any other applicable laws, direction or clarification by SEBI, provision of this Policy shall be read and implemented in context of such amended/modified or clarified positions.

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