

MAHESHWARI LOGISTICS LIMITED

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

[Pursuant to Companies Act, 2013 and Rules made thereunder and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

(Amended with effect from 01st April, 2022)

1. PREAMBLE, SCOPE OBJECTIVE AND APPLICABILITY

The Board of Directors of Maheshwari Logistics Limited (“the Company” or “MLL”) has adopted the following policy and procedures with regard to Related Party Transactions as defined below.

The policy is not only to be in the best interests of its Stakeholders but also in due compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time with respect to Related Party and Related Party Transaction and also to comply with the provisions of Section 188 of the Companies Act, 2013 read with applicable Rules. The objective of this Policy is to set out the materiality thresholds for Related Party Transactions and the manner of dealing with the transactions between the Company and its Related Parties.

The Policy applies to the transactions between the Company and one or more Related Parties. It provides framework for governance and reporting of Related Party Transactions, including material Related Party Transactions and subsequent material modifications.

All Related Party Transactions shall be entered into by the Company in accordance with this Policy or in accordance with the applicable provisions.

2. DEFINITIONS

“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.

“Audit Committee” means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations.

“Company” means Maheshwari Logistics Limited.

“Ordinary course of business” may include that transaction which is permitted by the Object Clause in the Memorandum of Association of the Company or which is connected with the normal business of the Company or which is a historic/common commercial practice or the income earned of which is assessed a business income or expense incurred which is assessed as a business expense.

“Related Party” means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Regulation 2(1) (zb) of the SEBI Listing Regulations.

“Related Party Transactions” shall mean such transactions as specific under Section 188 of the Act or rules made thereunder or Regulation 2(1) (zc) of the SEBI Listing Regulations including any amendment or modification thereof, as may be applicable.

“Subsidiary” means a company as defined in Section 2(87) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

“Material Related Party Transaction” shall have the meaning as defined in the Applicable Regulatory Provisions.

Without prejudice to the foregoing, at present, as per the explanation to Regulation 23(1) of the Listing Regulations, this term means a transaction with a related party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees 1,000 crores or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company, 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.

“Material Modification” shall mean any modification which exceeds 10% of the approved limit of the Related Party Transactions after taking into consideration the revised proposal relating thereto.

3. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions beyond which the shareholders’ approval will be required.

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, exceed Rs. 1000 Crore or 10% of the annual consolidated turnover of the Company as per last audited financial statements of the Company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

All Related Party Transactions and subsequent material modification where the company or its subsidiary is a party to such transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of Related Parties

The Company has adopted a process for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1) (zb) of the SEBI Listing Regulations.

b) Identification of related party transactions

Every Director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of relatives which are regarded as Related Party as per this policy. Directors are also required to provide the information regarding their engagement with other entity during financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Party based on written notice of concerns or interests received from its directors or Key Managerial Personnel in the manner prescribed in the Companies Act, 2013 and the rules made thereunder and any amendments or modifications thereto.

c) Procedure for approval of related party transactions

➤ Approval of the Audit Committee

All related party transactions and subsequent Material Modifications require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;

- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5%) and (iii) such other conditions as the Audit Committee may deem fit.
- However, in case of related party transactions which cannot be foreseen and where the above details are not available, the Audit Committee may grant omnibus approval provided the value does not exceed such amount as Audit Committee may specify;
- The Audit Committee shall review from time to time the details of related party transactions entered into by the company pursuant to each of the omnibus approval given; and
- Such omnibus approval shall be valid for 1 year.

- The Audit Committee shall review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee/Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- Nature of the transaction i.e., details of goods or property to be acquired / transferred or services to be rendered / availed - including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - a. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - b. third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
 - c. management assessment of pricing terms and business justification for the proposed transaction; and
 - d. Comparative analysis, if any, of other such transaction entered into by the Company.

On a quarterly basis, the Audit Committee shall review transactions with related parties for omnibus approval given on the basis of the Applicable Regulatory Provisions. Omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Company may enter into any related party transaction and subsequent material modifications thereof with the prior approval of the Audit Committee and only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

All Material Related Party Transactions and subsequent Material Modifications thereof shall require prior approval of the shareholders through special resolution, and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

However, prior approval of the shareholders of a listed entity shall not be required for 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. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

Provided further that with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Provided further that prior approval of the audit committee of the listed entity shall not be required for 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 the Listing Regulations are applicable to such listed subsidiary. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

EXCEPTIONS

The provisions of sub-regulations (2), (3) and (4) of Regulation 23 shall not be applicable in the following cases:

- transactions entered into between a holding 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.
- 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.
- All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations
- The listed entity 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
- Provided further that the listed entity shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

- Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023

5. DISCLOSURES

The Company shall disclose, in the Board's report, transactions in respect of which Section 188(1) of the Act is/ may be applicable along with the justification for entering into such transaction/s.

Additionally, the Company shall also provide details of all related party transactions meeting the materiality threshold (laid down in Clause 4 of the Policy above) on a quarterly basis in the Compliance Report on Corporate Governance to the stock exchanges.

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. AMENDMENT

The Board of Directors is authorized to amend or modify this Policy on Dealing with Related Party Transactions in whole or in part as and when deemed necessary, to stipulate further guidelines, procedures and rules, from time to time.

8. SCOPE AND LIMITATION

In case there are any regulatory changes requiring modifications to this policy, the same shall be reviewed and amended with the approval of the Board of Directors. However, the amendment in the regulatory requirements shall be binding on the Company and prevail over this Policy even if not incorporated in this Policy.

9. DISCLOSURE OF THE POLICY ON PUBLIC DOMAIN

This Policy and every subsequent modification, alteration or amendment made thereto, shall also be intimated to the Stock Exchange where the securities of the Company are listed and also published on the official website of the Company.

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