

MAHINDRA LOGISTICS LIMITED

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

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MAHINDRA LOGISTICS LIMITED
POLICY ON MATERIALITY OF AND ON DEALING WITH RELATED PARTY
TRANSACTIONS

TITLE

This Policy shall be called 'Policy on materiality of and dealing with Related Party Transactions'.

OBJECTIVE

Mahindra Logistics Limited is a 3PL solutions provider in the Logistics industry. It offers customized and end-to-end logistics solutions including transportation and distribution, warehousing, in-factory logistics and other value-added services. As a part of its business activity, the Company deals with entities which are its related parties. The Company recognizes that Related Party Transactions (as defined below) may have potential or actual conflict of interest and may raise questions whether such Transactions are consistent with the Company's and its Shareholders' best interests and in compliance to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors of the Company has adopted this Policy upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions in compliance with the requirements of Sections 177 and 188 of the Act and Regulation 23 of the SEBI LODR.

DEFINITIONS

"Act" means the Companies Act, 2013 including the Rules made thereunder and any statutory amendments or re-enactments thereof, from time to time.

"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" or "Committee" means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the SEBI LODR and the Act. as amended from time to time.

"Board" means the Board of Directors of Mahindra Logistics Limited.

"Company" means Mahindra Logistics Limited.

"Holding Company" shall have the meaning as specified under Section 2(46) of the Act.

"Independent Directors" means a Non-Executive Director meeting the criteria as defined under Section 149 of the Act and Regulation 16(1)(b) of the SEBI LODR, as amended from time to time.

"Key Managerial Personnel" in relation to a Company means Key Managerial Personnel as defined in the Act.

“Material Related Party Transaction” means a Related Party Transaction which is material in terms of the provisions of the Act and/or the SEBI LODR, as amended from time to time, which states that “a transaction with a related party shall be considered material if the Transaction to be entered into individually or taken together with previous Transactions during a financial year, exceeds Rs. 1000 crore or ten percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company, whichever is lower.

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 to be entered into individually or taken together with previous Transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Material Modification” means any change in the approved terms which has a financial implication of 25% or more of the approved value or Rs. 100 crores, whichever is lower.

“Policy” means this Policy, as amended from time to time.

“Related Party” means a related party as defined under Section 2(76) of the Act or rules made thereunder and under Regulation 2(1)(zb) of the SEBI LODR, as amended from time to time;

“Related Party Transactions” or “RPTs” shall mean such Transactions as specified under Section 188 of the Act or rules made thereunder and under Regulation 2(1)(zc) of the SEBI LODR, as amended from time to time.

“Relative” means a relative as defined under the Act and under Regulation 2(1)(zd) of SEBI LODR, as amended from time to time.

“Subsidiary” or “Subsidiaries” means subsidiary(ies) of the Company as defined under Section 2(87) of the Act, as amended from time to time.

“SEBI LODR” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereon, including any statutory amendments or re-enactments thereof, from time to time;

“Transaction” with a Related Party shall be construed to include a single transaction or a group of transactions.

Any other term not defined herein shall have the same meaning as defined in the Act, SEBI LODR, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 or any other applicable law or regulation, unless the context otherwise require.

IDENTIFICATION OF RELATED PARTIES & TRANSACTIONS

Every Director and Manager will be responsible for providing a declaration containing the following information alongwith Permanent Account Number (PAN) or Corporate Identification Number (CIN) or any other identifier authorised by Law (as may be applicable) thereof to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relative(s);
2. Partnership firms in which he / she or his / her Relative(s) is a partner;
3. Private Companies in which he / she or his / her Relative(s) is a Member or a Director;

4. Public Companies in which he / she is a Director and holds along with his/her Relative(s) more than 2% of paid-up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
6. 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);
7. Details of association of individuals in which the Director is a member;
8. Details of entities in which the Director is a partner, owner or member (not covered above);
9. Details of entities on which the Director exercise control/ joint control or significant influence
10. Details of Body Corporates of which the Director is a Promoter, Manager or Chief Executive Officer

Every Key Managerial Personnel of the Company will be responsible for providing a declaration of following information alongwith PAN or any other identifier authorised by Law (as may be applicable) to the Company Secretary on an annual basis and whenever there is a change in the information provided:

1. Names of his / her Relative(s)
2. Partnership firms in which he / she or his / her Relative(s) is a Partner;

The Promoters of the Company, where Promoter is a body corporate, shall provide (i) a list of its holding and subsidiary companies (ii) a list of bodies corporate in which the promoter of the Company holds twenty per cent or more of the equity share capital (iii) a list of bodies corporate which hold twenty per cent or more of the equity share capital of the Promoter, alongwith PAN, CIN or any other identifier authorised by Law (as may be applicable), on an annual basis and whenever there is a change in the information so provided.

Every Director or Key Managerial Personnel (“KMP”) of the Holding Company will be responsible for providing a declaration containing the information pertaining to names of his / her Relative(s) to the Company Secretary of the Company on an annual basis and whenever there is a change therein;

Every Director, KMP, Officer of the Subsidiary of the Company will be responsible for providing list of its Related Parties to the Company on an annual basis and whenever there is a change therein;

Every Director, KMP, Officers of the Company and of the Subsidiary authorized to enter into contracts/arrangements will be responsible for providing prior Notice to the Chief Financial Officer of the Company with a copy to the Company Secretary of the Company 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 Board/Committee of the Company..

Besides the above, the Company will also identify other Related Parties as required under the Act and the SEBI LODR, as amended from time to time.

Any Related Party Transaction by:

- a. the Company or any of its Subsidiaries on one hand and a Related Party of the Company and/or of its Subsidiaries on the other hand; or
- b. 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 Company or any of its Subsidiaries, with effect from 1 April 2023,

will be regulated as per this Policy.

APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions and subsequent modifications thereto including Material Modifications to Material Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Act or the SEBI LODR.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

Provided that a Related Party Transactions to which a Subsidiary of the Company is a party but the Company is not a party, shall also require prior approval of the Audit Committee of the Company if the value of such Transaction, whether entered into individually or taken together with previous Transactions during a financial year exceeds the thresholds prescribed under Regulation 23 of the SEBI LODR.

Where the Company and/or any of its Subsidiaries enters into a contract / Transactions with a Related Party, which stipulates details as prescribed by the Act and/or the SEBI LODR prior approval once given by the Audit Committee would suffice and Audit Committee would only note the Transactions that are entered into pursuant to such master agreement and such Transactions will not require any additional approval of the Audit Committee.

The Audit Committee may grant omnibus approval for the proposed Related Party Transactions subject to the following conditions:

1. The Audit Committee shall lay down the criteria for granting omnibus approval in line with this Policy and in accordance with Section 177 read with Rule 6A of the Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time and Regulation 23 of SEBI LODR read with circulars issued thereon and such approval shall be applicable in respect of Transactions which are repetitive in nature;
2. The Audit Committee shall satisfy for following criteria while making omnibus approval:
 - a. Need for such omnibus approval and that such approval is in the interest of the Company/its Subsidiary, as the case maybe;
 - b. Repetitiveness of the transactions (in past or in future);
 - c. Justification for the need of omnibus approval;
3. Such omnibus approval shall specify the following:
 - a. Name(s) of the Related Party;
 - b. Nature of the Transaction;
 - c. Period of Transaction;
 - d. Maximum amount of Transaction that can be entered into;
 - e. The indicative base price / current contracted price and the formula for variation in the price, if any,
 - f. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction, and;
 - g. Such other conditions as the Audit Committee may deem fit.

Notwithstanding above, omnibus approval shall not be made for selling or disposal of the undertaking between Related Parties.

In cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such Transactions subject to their value not exceeding Rs. One crore per Transaction or such amount as may be prescribed from time to time.

All Omnibus approvals granted pursuant to the Act and the SEBI LODR shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year. However, the Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company or its Subsidiary pursuant to each of the omnibus approvals given.

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

These provisions shall not apply to a Transactions between a Holding Company and wholly-owned Subsidiary of the Company or between two wholly-owned Subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval.

A member of the Committee who has a potential interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered.

The Board would approve such Related Party Transactions as are required to be approved under Act and/or SEBI LODR and/or Transactions referred to it by the Audit Committee.

Where any Director is interested in any Related Party Transaction, such Director will not remain present at a meeting when such Related Party Transaction is considered.

To review a Related Party Transaction, the Board/Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction as prescribed under the SEBI LODR/the Act, from time to time, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and any other matter, as may be required. In determining whether approval needs to be accorded to a Related Party Transaction, the Board/Audit Committee will consider the following factors:

- Whether the terms of the Related Party Transaction
- are fair to the Company/its Subsidiaries and would apply on the same basis as if the Transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company/its Subsidiaries to enter into the Related Party Transaction and the nature of alternative Transactions, if any;
- Whether the Related Party Transaction would impair the independence of an otherwise Independent Director;
- Whether the Related Party Transaction would present a conflict of interest for any Director, or KMP of the Company or of its Subsidiaries, taking into account the size of the Transaction, the overall interest of the Director, KMP or other Related Party, the direct or indirect nature of the Director's, KMP's or other Related Party's interest in the Transaction and the ongoing nature of any proposed relationship and any other factors the Board/Audit Committee may deem fit to consider.
- Whether the purpose and effect of the Related Party Transaction is to benefit any other Related Party of the Company;

The threshold for determining Material Related Party Transactions, as approved by the Board, shall be as defined in this Policy i.e. in line with the provisions of the Act and as per Regulation 23 of the SEBI LODR, as amended from time to time.

In terms of the provisions of the SEBI LODR, all Material Related Party Transactions and Material Modification thereto, from time to time, shall require prior approval of Shareholders of the Company (unless it is exempted pursuant to the provisions of SEBI LODR) and no Related Party shall vote to approve such resolution(s) whether the entity is a Related Party to the particular Transaction or not.

All Related Party Transactions pursuant to Section 188 of the Act which are not in the ordinary course of business and / or not an Arms' length basis and which cross the threshold limits prescribed under Act, from time to time, shall also require the requisite approval of Shareholders of the Company (unless it is exempted pursuant to the provisions of the Act) and no Member of the Company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the Company, if such Member is a Related Party in the context of the contract or arrangement for which such resolution is being passed.

"Ordinary course of business" would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per the Memorandum & Articles of Association of the Company.

In case, the Shareholders do not approve a Related Party Transaction, the Board / Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the Transaction, or modification of the transaction to make it acceptable to Shareholders for approval.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction / contracts or arrangements that are:- (i) material or (ii) not at arm's length basis and/ or ordinary course of business, shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction as per the requirement of the Act.

The Company shall submit to the stock exchanges disclosures of Related Party Transactions in such format and at such intervals within timelines, as prescribed under the SEBI LODR/specified by the Securities and Exchange Board of India, from time to time and publish the same on its website.

The various business heads, department heads or any person authorized to enter into any transaction on behalf of the Company or its Subsidiaries shall in case of a Related Party Transaction, first consult the Chief Financial Officer and obtain his confirmation that the Transaction is both in the ordinary course of business and at Arm's length basis and requisite approvals are in place.

AMENDMENTS

The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, based on the recommendation(s) of Audit Committee, from time to time. The review of this Policy shall be done at such frequency as stipulated under law from time to time.

The Board may also establish further rules and procedures, from time to time, to give effect to this Policy.



SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the SEBI LODR / the Securities and Exchange Board of India Act, 1992 / the Act or any other statutory enactments, rules, the provisions of such Acts, rules, regulations or statutory enactments thereof shall prevail over this Policy. Further amendments in law, if any, as applicable to the Company will be complied, whether or not the same has been specifically incorporated in this Policy.

DISSEMINATION OF POLICY

This Policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the annual report of the Company.
