Maheshwari Logistics Limited

Moving Every Mile With A Smile

SYMBOL: MAHESHWARI **ISIN: INE263W01010**

Date: 21.08.2019

To,
The Manager-Listing Department,
The National Stock Exchange of India Limited,
Exchange Plaza, NSE Building,
Bandra Kurla Complex,
Bandra East, Mumbai-400 051,

Respected Sir,

Subject: **Intimation and Submission of Revised 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 and any other applicable provision the SEBI Regulation, we enclose herewith the revised policy on dealing with Related Party Transactions.

Further, we also inform you that the above Policy will be published on our Company's website i.e. www.mlpl.biz.

You are requested to take the above information on record.

Thanking you,
Yours faithfully,
For **Maheshwari Logistics Limited**

Paresh Raiyani
Company Secretary &
Compliance Officer

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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]

(Applicable with effect from 01st April, 2019)

1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under. **Maheshwari Logistics Limited** ("Company") has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (here in after termed a 'SEBI Listing Regulations') requires a Company to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted/ revised by the Board of Directors of the Company.

In case of any inconsistency in the Policy and the SEBI Listing Regulations, as may be amended from time to time, the provisions of the SEBI Listing Regulations would prevail.

2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. 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.

4. 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 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.

5. 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

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read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

b) Identification of related party transactions

The Company has adopted a process for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has adopted a process for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.

c) Procedure for approval of related party transactions

➢ **Approval of the Audit Committee**

All related party transactions 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.

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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.

➢ **Approval of the Board of Directors of the Company**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

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- Transactions which may be in the ordinary course of business and at arm's length basis, but which as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board 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 at arm's length basis and decides to refer the same to the Board for approval;

- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;

- Transactions which are viewed to be in the ordinary course of business and at arm's length basis by the Management, but which are also tabled to the Board for its approval from an improved governance perspective; and

- Transactions meeting the materiality thresholds laid down in Clause 4 of the Policy, which are intended to be placed before the shareholders for approval.

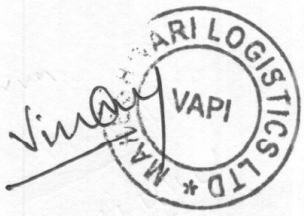
➢ **Approval of the Shareholders of the Company**

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time or as specified in SEBI Listing Regulations, are placed before the shareholders for its approval.

6. 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.



7. 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.

8. 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.

9. 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.

10. 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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