



Allcargo Gati Limited
(Formerly known as “Gati Limited”)

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RELATED PARTY TRANSACTION POLICY

(Revised Adopted on May 20, 2022)

(Modified Adopted on August 02, 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 Gati Limited (**the “Company” or “Gati”**), 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. **“Key Managerial Personnel”** means key managerial personnel as defined under the Act and shall include (i) 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.
- 3.5. **“Material Related Party Transaction”** means any transaction with a related party, if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand 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. 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 Company as per the last audited financial statements of the Company.
- 3.6. **“Material Modification”** means any modification to the Related Party Transaction entered with a related party, as approved by the Audit Committee, at 20% of the approved limit depending on the nature of each transaction to be entered with a related party.

Explanation:-

Exercise of rights already contained in the original contract/agreement will not be treated as modification.

3.7. “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.

3.8. “Policy” means Related Party Transaction Policy.

3.9. “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 is a related party as per Listing Regulations..

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the Company; or

(b) any person or any entity, holding equity shares:

(i) of 20% or more; or

(ii) of 10% or more, with effect from April 01, 2023;

in the Company either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year, shall be deemed to be related party.

3.10. “Related Party Transaction” means a transaction involving a transfer of resources, services or obligations between:

(i) a Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) a 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 April 01, 2023;

regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract.

But does not includes the following:-

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities ;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities

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

3.12. “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.

4. POLICY

All Related Party Transactions and subsequent material modifications must be referred to the Audit Committee for their prior approval, wherever required as per the applicable law and in accordance with this Policy and reviewed by the Audit Committee on a quarterly basis.

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

4.1. Identification of Potential Related Party Transactions

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 Director of the Company and Key Managerial Personnel 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, the Director and Key Managerial Personnel shall from time to time provide 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 the Directors and Key Managerial Personnel 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 has 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 and subsequent material modifications shall require prior approval of Audit Committee, but only those members of the committee, who are Independent Directors, shall approve the same.

Further, any Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall 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 **10%** of the annual consolidated turnover, as per the last audited financial statements of the Company.

Furthermore, with effect from April 01, 2021, a Related Party Transaction to which the subsidiary of the Company is a party but the listed entity is not a party, shall 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 **10%** of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Furthermore, the prior approval of the Audit Committee of the Company shall not required for a Related Party Transaction to which the Company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of Listing Regulations are applicable to listed subsidiary.

However, the Audit Committee at its discretion may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company 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 ;
- 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 the Audit Committee may deem fit.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, 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 Company 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 any transaction involving any amount not exceeding Rs. 1,00,00,000/- (Rupees One Crore) is entered into by a Director or Officer of the Company without obtaining the approval of the Audit Committee such transactions can be ratified by the Audit Committee within three months from the date of the transaction, and if it is not ratified then such transaction shall be voidable at the option of the Audit Committee and if such transaction is with the 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.
- g) 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.

- h) 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 a holding company and its wholly owned subsidiary.
- i) 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 4.4 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 transactions with related parties which are not in ordinary course of business and /or not on arm's length basis and the aggregate values of which exceeds the threshold limits prescribed under the Act and the Rules framed thereunder, and all transactions with related parties and modifications to them meeting the materiality threshold laid down in Clause 4.4 & 4.5 of this Policy, shall be placed before the shareholders for their prior approval. Such transactions shall require prior approval of the shareholders and no related party shall not vote to approve such resolutions whether the entity is a related party to the particular transaction or not. 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.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the Company is a party but the Company is not a party, if Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to listed subsidiary.

Further, while sending of the notice(s) to the shareholders of the Company seeking approval for any proposed Related Party Transactions shall, in addition to the requirements under the Act, include the following information as a part of the explanatory statement:

- a) A summary of the information provided by the management of the Company to the Audit Committee as specified in clause 4.3 of this policy;
- b) Justification for why the proposed transaction is in the interest of the Company;
- c) Where the transaction relates to any loans, inter-corporate deposits, advances or

investments made or given by the Company or its subsidiary:

- i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f) Any other information that may be relevant.

4.3. Review and Approval of Related Party Transactions

All proposed Related Party Transactions will be referred to the ensuing scheduled meeting of Audit Committee for review, ratification and 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 or who is Non-Independent Director 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 the following information:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - v. details of the source of funds in connection with the proposed transaction;
 - vi. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - vii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - viii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g) Justification as to why the RPT is in the interest of the Company;
- h) A copy of the valuation or other external party report, if any such report has been relied

upon;

- i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j) Any other information that may be relevant.

Further, the Committee will consider the following factors, among others, to the extent relevant to approve the Related Party Transaction:

- 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 Director or Key Managerial Personnel of the Company, 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 deems 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(s) entered into between two wholly owned subsidiary whose accounts are consolidated with the accounts of the Company.
- iii. Any transaction that involves payment of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- iv. 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.

4.4 Materiality Threshold

Regulation 23 of the Listing Regulations requires a Company to provide materiality threshold for related party transactions beyond which the shareholders' approval would be required by way of ordinary resolution. Gati has fixed its materiality threshold at Rs. 1,000 Crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. 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 Company as per the last audited financial statements of the Company.

4.5 Materiality Threshold for Modifications

Pursuant to the Sub-regulation (2) of Regulation 23 of the Listing Regulations, Audit Committee requires to define the threshold for the material modification of the Related Party Transactions beyond which the shareholders' approval would be required by way of ordinary resolution. The Audit Committee has fixed its materiality threshold for the material modification of the Related Party Transactions at 20% of the approved limit depending on the nature of each Transaction to be entered with a related party. Further, the Committee has also clarified that any exercise of rights already contained in the original contract/agreement will not be treated as modification.

4.6. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of any Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all 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 said Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the 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 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 Director or any other employee, without obtaining the consent of the Board or approval by an Ordinary Resolution in the general meeting, 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.

4.7 Disclosure

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with the Related Parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction. The Company is required to disclose each year in the Financial Statements and report of the Board of Directors certain transactions between the Company and its Related Parties. Further, a policy on materiality of related party transactions and on dealing with related party transactions shall be approved by the Board and uploaded on website of the Company.

The Company 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 that the Company shall make such disclosures every six months within 15 days from the date of publication of its standalone and consolidated financial results.

Provided further that the Company 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.

4.8 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.
