



Lancer Container Lines Ltd.

Policy on Materiality of and Dealing with Related Party Transactions

1) Purpose and Scope of the Policy

Purpose: Considering the requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 there is a need to formulate a policy on Materiality of and Dealing with Related Party Transactions.

Scope: This policy shall be applied in:

- a) Setting out materiality thresholds for RPT.
- b) Manner of dealing with Related party transaction.

The board has approved this policy on recommendation of Audit Committee. The board if may thought fit review and amend this policy as and when required after recommendation and approval of Audit committee.

2) Definitions

- a) Related Party" have the meaning as defined under Section 2(76) of Companies Act, 2013 Related party", with reference to a company, means—
 - a director or his relative;
 - a key managerial personnel or his relative;
 - a firm, in which a director, manager or his relative is a partner;
 - a private company in which a director or manager or his relative is a member or director;
 - a public company in which a director and manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
 - any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; Provided that such advice, directions or instructions is not given in a professional capacity.
 - any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that such advice, directions or instructions is not given in a professional capacity.
 - any company which is—
 - a holding, subsidiary or an associate company of such company; or
 - (B) a subsidiary of a holding company to which it is also a subsidiary;
 - a director [other than an independent director] or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

- Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions.
- The concept of Relative in broaden in Ind AS 24 as 'relative' is now "Close members" of the family and concept of Domestic partner is introduced. Further KMP of parent entity and close member of that person's family included under IND-AS 24.
- Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

As per the SEBI LODR, 2015, an entity should be considered as related to the company if:

- a. Such entity is a related party under Section 2(76) of the 2013 Act, or
- b. Such entity is a related party under AS or Ind AS.

In addition, notwithstanding anything contained in any other act under SEBI LODR, 2015 any person or entity belonging to the promoter or promoter group of the company and holding 20 percent or more of shareholding in the listed entity shall be deemed to be a related party.

- a) "Related Party Transaction" have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and IND AS 24 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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. As defined under Companies Act 2013 related party transaction includes but not limited to the following –
 - sale, purchase or supply of any goods or materials;
 - selling or otherwise disposing of, or buying, property of any kind;
 - leasing of property of any kind;
 - availing or rendering of any services;
 - appointment of any agent for purchase or sale of goods, materials, services or property;
 - appointment to any office or place of profit in the company
 - underwriting the subscription of any securities or derivatives thereof, of the company.
- b) "Material Related Party Transaction" means a 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 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- c) "Arm's Length Transaction" as defined under Companies Act,2013 section 188 means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest
- d) "Ordinary course of business" The term "ordinary course of business" has been used in the third proviso to Section 188(1) of the CA, 2013 though the same has not been specifically defined under the CA, 2013 or the Companies Rules, 2014 or SEBI LODR, 2015 As per general understanding "ordinary course of business" means the usual transaction, customs, and practices undertaken by the company to conduct its business operations and

activities and include all such activities which company can undertake as per Memorandum & Article of Association.

- e) All other words and expressions used in this policy which are not defined herein shall have the same meaning as respectively assigned to them in the Companies Act, 2013, SEBI LODR, 2015, Ind AS -24 and/or the rules and regulations or any statutory modification or re-enactment thereto, as the case may be.

3. Identification of Related Parties

The compliance officer shall maintain the list of all Related Parties for the Company on the basis of disclosures received from the Directors/ KMPs format as per (Annexure 1). The names of all Related Parties identified shall be consolidated, as a Related Party List.

Every person considered as related party shall update the compliance officer for any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes. The compliance officer shall be responsible to maintain an updated database of information pertaining to Related Parties.

The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed related party transaction are provided in Annexure 2 to this Policy.

The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.

4. Manner of Dealing with the Transactions between the company and its Related Parties.

Compliance officer on periodic basis shall circulate the list of related parties to all heads of department to assess whether the party with whom the transaction is proposed to be entered is a Related Party.

If the party is not a Related Party then they shall be required to follow the normal business protocol for executing such transactions.

However, if the party is identified as a Related Party, the departmental head would need to ensure that the RPT is being entered in accordance with the Framework for RPT or inform the compliance officer to seek a prior approval of the Audit Committee and Board meeting for undertaking such RPT.

5. Setting out Materiality Thresholds

In compliance with Regulation 23 of the SEBI (LODR) Regulations, 2015 the following related party transaction shall be considered as material:

- a. Transaction to be entered into individually or taken together with previous transaction during the financial year, exceeds 10 percent of the annual consolidated turnover of the company as per last audited financial statements of the company.

However, if the transaction involving payments made to related party with respect to brand usage or royalty and if the transaction to be entered into individually or taken together with previous transaction during the financial year, exceeds 2 percent of the annual consolidated turnover of the company as per last audited financial statements of the company.

In compliance with section 188 of Companies Act,2013: the following related party transaction shall be considered as significant:

- a. Sale, purchase or supply of any goods or material, directly or through appointment of agent, [amounting to ten percent or more] of the turnover of the company or rupees one hundred crore, whichever is lower
- b. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, [amounting to ten percent or more] of net worth of the company or rupees one hundred crore, whichever is lower,
- c. Leasing of property any kind [amounting to ten percent or more] of the net worth of company or [ten per cent or more of turnover] of the company or rupees one hundred crore, whichever is lower,
- d. Availing or rendering of any services, directly or through appointment of agent, [amounting to ten percent or more] of the turnover of the company or rupees fifty crore, whichever is lower.
- e. It is hereby clarified that the limits specified in sub-clause above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

6) Procedure for Approval of Related Party Transaction

a) Approval of Audit committee.

All related party transactions shall require prior approval of the audit committee.

The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the company and such approval shall be applicable in respect of transactions which are repetitive in nature.

The Audit Committee shall consider the following while determining the related party transactions:

- (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) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction

However, 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 rupees one crore per transaction.

- a) the audit committee shall review, at least on a quarterly basis the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- b) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

b) Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

1. Transactions which are not at arm's length or not in the ordinary course of business
2. Transactions which are not repetitive in nature.
3. Transactions exceeding materiality thresholds as laid down in Point 5 of the Policy.
4. Transactions in respect of selling or disposing of the undertaking of the company.
5. Financial Transactions eg. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties.
6. Any other transaction the Audit Committee may deem not fit for omnibus approval

c) 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 or not 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:

- a) 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 from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) 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;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- d) Transactions meeting the materiality thresholds laid down in Point No.5 of the Policy, which are intended to be placed before the shareholders for approval.

d) Approval of the Shareholders of the Company

All material related party transactions as specified in Point 5 of the policy, shall require approval of the shareholders and the related parties shall abstain from voting on such resolutions.

7. Disclosure and reporting of related party transaction

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Companies Act, 2016 with 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.

In addition to the above, the Company shall also provide details of all related party transactions exceeding the materiality threshold (laid down in Point 5 of the Policy above) to the stock exchanges.

Further the listed entity shall submit the disclosure of related party transaction on consolidated basis within 30 days from date of publication of half year ended financial results to stock exchange.

8. Dissemination of Policy

This policy shall be hosted on the website of the Company and shall be provided in the annual report of the Company.

9. Review of the Policy

The board if may thought fit review and amend this policy as and when required after recommendation and approval of Audit committee.

ANNEXURE 1

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,
 The Company Secretary
 Lancer Container Lines Limited

Dear Sir,

I,, son/daughter/spouse of, resident of, holding equity shares of Rs. 10/- each (percent of the paid-up Capital) of Lancer Container Lines Limited, being a (name of Director/ KMP) in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

A. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

B. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

Signature:
 Name:
 Designation:

Place
 Date:

SCHEDULE (LIST OF RELATIVES)

No.	Relationship	Full Name	Address	Shareholding in Lancer Container Limited Lines
1	Spouse			
2	Father (including Step-Father)			
3	Son (including Step-son)			
4	Daughter			
5	Daughter's Husband			
6	Brother (Including Step-Brother)			
7	Sister (Including Step-Sister)			
8	Mother (including Step-Mother)			
9	Son's Wife			
10	Members of HUF			

ANNEXURE 2

Information to be provided to the Audit Committee / Board in relation to the proposed related party transaction

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- (a) the name of the related party and nature of relationship;
- (b) the nature, duration of the contract and particulars of the contract or arrangement;
- (c) the material terms of the contract or arrangement including the value, if any;
- (d) any advance paid or received for the contract or arrangement, if any;
- (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (g) any other information relevant or important for the Board to take a decision on the proposed transaction.