



CONCOR

POLICY ON RELATED PARTY TRANSACTIONS

Container Corporation of India Limited (CONCOR/ the Company) is a Navratna, Central Public Sector Enterprise, under the administrative control of the Ministry of Railways, Government of India. It is the market leader in the logistics sector in the country. CONCOR will follow the following policy for Related Party Transactions.

1. INTRODUCTION:

- 1.1. The board of directors of CONCOR (the "Board of Directors" or "Board") adopts the following policy and procedures (the "Policy") with regard to Related Party Transactions ("RPT") as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules made there under and any subsequent amendments thereto from time to time ("Act") and the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations").

2. SCOPE & PURPOSE 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 and Listing Regulations.

3. DEFINITIONS:

- 3.1 **Act** means the Companies Act, 2013 including any amendment or modification thereof.
- 3.2 **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.
- 3.3 **Associate Company** means a company as defined under section 2(6) of the Act and as defined by Indian Accounting Standard (Ind AS) 28 on Accounting for Investments in Associates in Consolidated Financial Statements.
- 3.4 **Audit Committee** means Audit & Ethics Committee of Board of Directors of the Company constituted under provisions of Listing agreement and the Act.
- 3.5 **Board or Board of Directors** means the collective body of directors of the Company.
- 3.6 **Body Corporate** means an entity as defined under section 2(11) of the Act.

- 3.7 **Company or CONCOR** means Container Corporation of India Limited.
- 3.8 **Control** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 3.9 **Director** means a person as defined under section 2(34) of the Act.
- 3.10 **Employees** shall mean the employees and officers of the Company, including but not limited to Whole-time Directors.
- 3.11 **Key Managerial Personnel**, as defined under section 2(51) of the Act, in relation to the Company, shall mean -
- i. Chief Executive Officer or the Managing Director or the Manager;
 - ii. Company Secretary;
 - iii. Whole-time Director;
 - iv. Chief Financial Officer;
 - v. Such other officer as may be prescribed.
- 3.12 **Listing Regulations** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be modified from time to time.
- 3.13 **Material Related Party Transaction** means a transaction(s) with a related party if such transaction(s) 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 listed entity as per the last audited financial statements of the listed entity, 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(s) to be entered into individually or taken together with previous transactions during the financial year exceeds 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

This sub-limit would be considered within overall 10% limit to determine material RPTs.

- 3.14 **Ordinary Course of Business** includes but not limited to a term for activities that are necessary, normal and incidental to the business. These are common practices and customs of commercial transactions. In law, the ordinary course of business covers the usual transactions, customs and practices of a certain business and of a certain firm. Indicative factors for determining term ordinary course of business:
- a. is normal or otherwise remarkable for business (i.e. features in system, processes, advertising, staff training, etc.);
 - b. is frequent and regular;

- c. involves significant amounts of money;
- d. is a source of income for business;
- e. involves significant allocation of resources; and/or
- f. is involved in a service or product that is offered to customers.

3.15 **Policy** means CONCOR - Policy on Related Party Transactions.

3.16 **Related Party** means a related party as defined under section 2(76) of the Companies Act, 2013 or under the applicable Accounting Standards:

Provided that:

- a) any person or entity belonging to 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 ten per cent or more, w.e.f 01.04.2023.

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year;

shall be deemed to be a related party.

3.17 **Related Party Transaction (RPT)** means any transaction involving a transfer of resources, services or obligations between:

- (i) The 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) The Company or any of its subsidiaries on one hand, 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, w.e.f. 01.04.2023;

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.

Provided that the following shall not be a Related Party Transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (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.

- 3.18 **Relative** means relative as defined under section 2(77) of the Companies Act, 2013 and rules prescribed thereunder.
- 3.19 **Subsidiary** means a company as defined in Section 2(87) of the Companies Act, 2013.
- 3.20. **Any other word(s)** used in this policy and not defined herein shall have the same meaning as defined in the Act including any statutory modification or re-enactment thereof or Rules made there-under, Listing Regulations and the rules and regulations made thereunder or any other relevant legislation/ law applicable to the Company.

4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

- 4.1. The concerned Directors/ KMPs/ Executive Directors/ functional / departmental/ Area head shall ensure that their notice of any potential Related Party Transaction(s) is delivered well in advance to the Audit Committee and Board, so that Board and Audit Committee both has time to obtain and review information about the proposed transaction(s).

The abovementioned concerned persons shall intimate to Finance Department and to Company Secretary as soon as possible within end of each quarter about all the transactions with related parties.

Further all transactions entered into during the quarter shall be put up to the Audit Committee and Board along with quarterly and annual accounts.

- 4.2. Every Director / Key Managerial Personnel of CONCOR who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is to be discussed and shall not participate in or exercise influence over any such meeting.
- 4.3. Where any director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if becomes concerned or interested after the contract or arrangement is entered into, shall disclose his/her concern or interest forthwith when he/she becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.
- 4.4. A contract or arrangement entered into by CONCOR without disclosure or with participation by a director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of CONCOR.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

5.1 Approval of the Audit Committee

All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee and only those members of the audit committee, who are independent directors, shall approve the related party transactions.

Further, in terms of Regulation 23(2) of the Listing Regulations:

1. A related party transaction to which any subsidiary of CONCOR is a party but CONCOR is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
2. w.e.f. 01.04.2023, a related party transaction to which any subsidiary of CONCOR is a party but CONCOR is not a party shall require prior approval of the Audit Committee of CONCOR, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

However, in case of Related Party Transaction of a listed subsidiary of CONCOR (where CONCOR is not a party), prior approval of the Audit Committee of the listed subsidiary of CONCOR shall suffice.

However, as per Rule 6A of the Companies (Meeting of Board and its Powers) Second Amendment Rules, 2015 and the Listing Regulations, the Audit Committee may grant the omnibus approval for Related Party Transactions subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are frequent/ regular/ repetitive in nature and are in the normal course of business of the Company.
- b. The Audit Committee shall grant omnibus approval to the transactions which are in the ordinary course of business and the transactions which are on arm's length basis.
- c. The Audit Committee shall grant omnibus approval to all such transactions as the Audit Committee may consider proper.

- d. The Audit Committee shall satisfy itself the need for such omnibus approval in the best interest of the Company.
- e. Such Omnibus approval shall specify:
 - (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, and 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 crore per transaction.

- f. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- g. The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year from the date of approval. Further, such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

5.2 **Approval of the Board of Directors of the Company**

As per section 188(1) of the Act read with applicable Rules except with consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company: and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company;

Provided that nothing in this clause shall apply to any transactions entered into by the company in its ordinary course of business other than transaction which are not on arm's length basis.

5.3 **Approval of the Shareholders of the Company**

5.3.1 The following transactions require prior approval of Shareholders of the Company, as prescribed under Section 188(1) of the Companies Act, 2013 read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014

S. No.	Specified RPT(s) u/s 188(1) of the Companies Act, 2013	Threshold limits for approval of Shareholders
a)	sale, purchase or supply of any goods or materials	amounting to 10% or more of the turnover of the Company
b)	selling or otherwise disposing of, or buying, property of any kind	amounting to 10% or more of net worth of the Company
c)	leasing of property of any kind	amounting to 10% or more of turnover of the Company
d)	availing or rendering of any services	amounting to 10% or more of the turnover of the Company
e)	appointment of any agent for purchase or sale of goods, materials, services or property	As per limit prescribed in clause a), b) and d) of clause 5.2, in case resulted into appointment of agent
f)	such related party's appointment to any office or place of profit in the company or its subsidiary company	At a monthly remuneration exceeding Rs.2.50 lakhs or associate company
g)	underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of the net worth

Provided that nothing in this clause shall apply to any transactions entered into by the company in its ordinary course of business other than transaction which are not on arm's length basis.

Exemptions from Shareholders approval:

1. In respect of transactions with any government company, or with Central Government or any State Government or any combination thereof;

2. Transactions entered into between a holding and its wholly owned subsidiary whose accounts are consolidated with such holding and placed before the shareholders at the general meeting for approval.

5.3.2 In terms of Regulation 23(4) of the Listing Regulations, all Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Exemption:

1. Transaction entered into between two government companies;
2. Transaction entered into between a holding and its wholly owned subsidiary whose accounts are consolidated with such holding and placed before the shareholders at the general meeting for approval.
3. In respect of the Company, if a resolution plan is approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

6. STANDARDS FOR REVIEW:

6.1. The Audit Committee while approving and the Board while approving / ratifying a Related Party Transaction shall review and consider the following, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction:

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the approximate amount involved in the Related Party Transaction;
- (c) whether the Related Party Transaction was undertaken in the ordinary course of business of CONCOR
- (d) whether the transaction with the Related Party is proposed to be, or was, entered on at arm's length basis;
- (e) the purpose of, and the potential benefits to CONCOR from the Related Party Transaction;
- (f) Whether there are any compelling business reasons for CONCOR to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- (g) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction; and
- (h) such other details as required under the Act/ listing Regulations or as desired by the Audit Committee/ Board.

6.2. The agenda of the Board meeting at which the resolution is proposed to be considered 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; and
 - (d) such other details as required under the Act/ listing Regulations or as desired by the Board.
- 6.3. Where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- 6.4. The explanatory statement to be annexed to the notice of a general meeting convened pursuant to section 101 of the Companies Act, 2013 shall contain the following particulars namely:
- (a) name of the related party;
 - (b) name of the Director or Key Managerial Personnel who is related, if any;
 - (c) nature of relationship;
 - (d) any other information relevant or important for the members to take a decision on the proposed resolution; and
 - (e) such other details as required under the Act/ Listing Regulations.

7. AMENDMENT:

- 7.1 This Policy shall stand amended in terms of the Act including the Companies (Meetings of Board and its Powers) Rules, 2014, and SEBI Listing Regulations. In the event of any conflict between this Policy and the applicable law, the applicable law shall prevail.
- 7.2 The Board of Directors shall review atleast once in every 3 years and may amend this policy at any time, in whole or in part, from time to time as per the requirement of the Act or any statute. However, any amendment in the Policy required in compliance with the Listing Regulations or any statutory enactment, Chairman & Managing Director of the Company is empowered to approve such amendment.

8. DOCUMENTS & DISCLOSURES:

- 8.1. The Company Secretary of the Company (the “Company Secretary”) shall maintain the record(s) required, either physically or electronically, as prescribed in the Act, giving details of all contracts or arrangements to which this policy applies.
- 8.2. Every Director or Key Managerial Personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other companies, as the case may be, disclose to CONCOR the particulars relating to his / her concern or interest in the other associations which are required to be included in the register maintained.

- 8.3 The Company shall submit, disclosures of Related Party Transactions on a consolidated basis, in the format as specified by the SEBI to the stock exchanges and publish the same on its website.
- 8.4 The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.
- 8.5 Name of all Related Parties & nature of relationships & details of all Related Party Transactions should be disclosed in the financial statement as per IndAS24.
- 8.6 This policy will be communicated to all employees and other concerned persons of the Company.

**SUMMARY OF THE APPROVAL AND CONSIDERATION/
RECOMMENDATION MECHANISM UNDER THE LISTING
REGULATIONS AND THE COMPANIES ACT, 2013**

Details of Transaction(s) Approving Authority	Details of Transaction(s) Approving Authority
All Related Party Transactions and any subsequent material modification	Audit Committee (only those members who are Independent Directors)
RPTs which are not in Ordinary Course of Business or not on arm's length basis or both (below threshold limits)	Recommendation by Audit Committee to the Board for approval. Approval by the Board
Material RPTs & RPT which are not in Ordinary Course of Business or not on arm's length basis or both (above threshold limit)	Recommendation by Audit Committee to the Board for approval. Recommendation by the Board to Shareholders. Approval by the Shareholder

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