



Policy on Materiality of Related Party Transactions

Version Control

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1	Board of Directors	17 th January, 2022
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1. Introduction

The Board of Directors (“**Board**”) of Delhivery Limited (“**Company**”) has adopted the following policy for with regard to the related party transactions (“**Policy**”) in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

2. Objective

The objective of this Policy is to ensure proper approvals & reporting of the transactions between the Company, its subsidiaries and Related Parties in compliance with provisions of the Companies Act, 2013, Listing Regulation and any other applicable statutory provisions for the time being in force, in this regard.

3. Definitions

Definition of some of the key terms used in this policy are given below:

- a. “**Act**” means Companies Act, 2013, and the rules thereunder, as amended from time to time.
- b. “**Accounting Standards**” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.
- c. “**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
- d. “**Arm’s Length Basis**” means a transaction between the Company and its Related Party(ies) that is conducted as if they were unrelated, so that there is no conflict of interest.
- e. “**Audit Committee**” means the Committee of the Board formed under Section 177 of the Act and Regulation 18 of the Listing Regulations.
- f. “**Board**” means Board of Directors of the Company
- g. “**Director**” means a director on the Board of the Company.
- h. “**Key Managerial Personnel**” or “**KMP**” means a key managerial personnel as defined under the Act.
- i. “**Material Modifications**” means a change of “10% or more” or “exceeds rupees one thousand crore or more”, whichever is lower, in the transaction value of the RPT or as may be defined by the Audit Committee from time to time.
- j. “**Material Related Party Transaction**” means 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, **exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover** of the Company as per the last audited financial statements of the Company, whichever is lower. For this purpose, any transaction involving payments made to Related Party with respect to brand usage or royalty, either individually or taken together with previous transactions during a financial year, exceeding five percent (5%) of the annual consolidated turnover of the Company as per the Company’s last audited financial statement, shall also be considered as Material Related Party Transaction.
- k. “**Relative**”, with reference to any person, means a relative as defined under the Act.

- l. **“Related Party”** has the meaning as assigned to it under the Section 2(76) of the Act read with applicable Accounting Standards and Regulation 2(1) (zb) of the Listing Regulations, as amended from time to time, including:
 - (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 twenty per cent or more; or
 - (ii) of ten per cent or more, **with effect from April 1, 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 immediate preceding financial year; shall be deemed to be a related party:”
- m. **“Related Party Transaction”** or **“RPT”** means a RPT as defined under the Act, applicable Accounting Standards, Listing Regulations and includes a transaction involving a transfer of resources, services, or obligations between the Company or any of its subsidiaries on one hand and a Related Party of the listed entity or any of its subsidiaries on the other hand; or 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 1, 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.

However, the following shall not be treated as related party transactions:

- 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;
 - Payment of dividend, subdivision or consolidation of securities, rights or bonus issue of securities and buy back of securities being corporate actions by a listed entity that are uniformly applicable to all shareholders in proportion to their shareholding.
- n. **“Stock Exchanges”** means the stock exchanges where the specified securities of the Company are listed.
 - o. **“Subsidiary Company”** or **“Subsidiary”** means a company as defined under Section 2(87) of the Act.
 - p. **“Transactions in the ordinary course of business”** mean transactions/activities that are connected to or necessary for the business of the Company and satisfy the following principles: i) The transaction/activity is permitted under the Memorandum and the Articles of Association of the Company; ii) The transaction/activity is carried on a frequent or regular basis or is as per the industry practise and iii) The terms of the transaction/activity are similar to those which would be otherwise applicable to transactions with unrelated parties.
 - q. **“Unforeseen Related Party Transaction”** means a related party transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one crore per transaction.

Words and expressions not defined in this Policy shall have the same meaning as contemplated in the Act read with the rules made thereunder, the Listing Regulations and any other applicable laws or regulations.

4. Identification and Approval Process

Identification of Related Parties and transactions with them:

- a. Each Director and KMP shall disclose to the Company at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all persons, entities, firms in which he/she is interested, whether directly or indirectly.
- b. The notice of any potential RPT shall be given well in advance to the Board/ Audit Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board/Audit Committee members adequate time and information to consider and review the proposed transaction(s).
- c. The CFO / Compliance Officer shall identify the related parties and transactions with them as per the applicable provisions of the Act and Listing Regulations.
- d. The CFO / Compliance Officer shall be responsible to notify the Board/ Audit Committee of any such potential Related Party Transactions.
- e. The CFO / Compliance Officer shall always keep a record of all Related Parties of the Company and the transactions with all Related Parties.

Approval of the Audit Committee

- a. All the RPT and amendments or subsequent material modifications thereto shall require prior approval of the Audit Committee in accordance with applicable provisions of the Act and Listing Regulations.
- b. The Audit Committee may in the interest of the conduct of smooth business of the Company may grant Omnibus approval for RPT as per the provisions of the Act and Listing Regulations.
- c. The Audit Committee, shall, specify the criteria for granting omnibus approvals to the RPT proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such omnibus approvals shall be valid for one financial year. The Audit Committee shall, while granting such omnibus approvals, satisfy itself about the adherence to the criteria so specified by it.
- d. In case of Unforeseen RPT, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed Rs.1 crore per transaction in a financial year.
- e. The Exempted and Unforeseen Related Party Transactions may be approved / ratified by the Audit Committee subsequently.
- f. Any member of the Audit Committee who has a potential conflict of interest in any RPT shall abstain from discussion and voting on such RPT.
- g. The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.

Approval of Board of Directors

- a. RPT shall be approved by the Board as per the applicable provisions of the Act and Listing Regulations
- b. RPT which are not in the ordinary course of business or not at arm's length price.
- c. Material RPTs shall be considered and approved by the Board and/or Shareholders as per the applicable provisions of the Act and Listing Regulations.
- d. 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 and voting on the subject matter of the resolution relating to such RPT.

Approval of Shareholders

- a. RPT shall be considered and approved by the Shareholders of the Company as per the applicable provisions of the Act and Listing Regulations.
- b. All Material RPT and subsequent Material Modifications shall require prior approval of the Shareholders of the Company by way of a resolution passed at the general meeting of the Company; and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.
- c. All RPT which are not in the ordinary course of business or not at arm's length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require an approval of the Shareholders by way of a resolution passed at the general meeting of the Company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.

Approval Process of Related Party Transactions (RPTs)

1. While approving a RPT, the Audit Committee/ Board shall consider the following factors, among others, to the extent relevant:
 - i. whether the terms on which RPT is proposed are fair and on Arm's Length Basis to the Company.
 - ii. whether the RPT would affect the independence of a Director/KMP.
 - iii. whether the RPT includes any potential reputational risk that may arise as a result of or in connection with the proposed transaction; and
 - iv. whether the RPT would present conflict of interest for any Director or KMP of the Company.
 - v. whenever there is any doubt with regard to transaction(s) with Related Party(ies) and/or the applicable corporate governance requirements, the Audit Committee/ Board shall be entitled to seek a legal opinion/clarification for the same.
2. The Audit Committee/ Board shall evaluate such transaction(s) and may decide as it considers appropriate, subject to the Act and the Listing Regulations, necessary action to be taken, including revision or modifications or termination of the RPT.

5. Deemed Approval

The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant committee shall be deemed to be approved for the purpose of this Policy. Such transactions may include

- a) Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
- b) Payment of remuneration, fees, commission, etc. to directors pursuant to approval of the Nomination and Remuneration Committee;
- c) Payments made to/received from Directors or Key Managerial Personnel pursuant to share based incentive plans as approved by shareholders.
- d) Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.
- e) Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

6. Exemption from applicability of the Policy (Exempted RPT)

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this Policy shall not apply to the following RPT:

- a. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
- b. Transactions entered into between two wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

7. Disclosure

- a. In terms of the provisions of Section 134(3)(h) of the Act, Related Party Transactions shall be disclosed in the Board's report in the prescribed form.
- b. Details of all Material Related Party Transactions shall be disclosed by the Company to the Stock Exchanges as per the Listing Regulations and the copy of the same will be posted on the website of the Company.
- c. This Policy shall be disclosed under a separate section on the website of the Company and a web link thereto shall also be provided in the annual report of the Company.
- d. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

8. AMENDMENT AND CONFLICT

Any subsequent amendment/modification in the applicable laws shall automatically apply to this Policy. The Board has the right to amend or modify this Policy in whole or in part, at any time without assigning any reason, whatsoever. In the event of conflict between this Policy and any applicable laws, applicable laws shall prevail.