

PATEL INTEGRATED LOGISTICS LIMITED

Policy on materiality and dealing with related party transactions

TITLE :

This Policy shall be called 'PILL Policy on materiality and dealing with related party transactions'.

COMMENCEMENT:

The Policy shall come in to existence upon the approval by the Board of Directors of Patel Integrated Logistics Limited i.e. with effect from 04th July 2014.

OBJECTIVE :

This policy is intended to ensure the proper approval and reporting of the transactions between the Company the related party which includes directors, key managerial personnel, significant stakeholders of the Company or certain other entities or person related to them.

Related party transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The Changes introduced in the Corporate Governance norms through the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015 require the companies to have enhanced transparency and due process for approval of the related party transactions.

One of such requirements is that companies are required to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

DEFINITIONS :

Arm's length transaction as defined explicitly under section 188 of the Companies Act, 2013 shall mean 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 Audit Committee of the Board of Directors of Patel Integrated Logistics Limited, duly constituted under section 177 of Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015 as may be reenacted or amended from time to time.

Board means the Board of Directors of Patel Integrated Logistics Limited.

Company means Patel Integrated Logistics Limited.

Material Related Party Transaction in relation to the Company means a related party transaction which individually or taken together with previous transactions with a related party during a financial year, exceeds ten percent of the annual turnover as per the last audited consolidated financial statements of the Company.

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 a financial year, exceed two percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.”

Policy means this Policy, as amended from time to time.

Related Party in relation to the Company means a party related with the Company and either the Company or the 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 in any of the ways as are laid down in section 2 (76) of the Companies Act, 2013 and Regulation 2(zb) of SEBI (LODR) Regulations, 2015.

Related Party Transaction as defined under Regulation 2(zc) of SEBI (LODR) Regulations, 2015 and section 188 of the Companies Act, 2013, in relation to the Company means a transaction which is:

- a) a transfer of resources, services or obligations between the Company and a related party regardless of whether a price is charged;
- b) a contract or arrangement with a related party with respect to –
 - i) sale, purchase or supply of any goods or materials;
 - ii) selling or otherwise disposing of, or buying, property of any kind;
 - iii) leasing of property of any kind;
 - iv) availing or rendering of any services;
 - v) appointment of any agent for purchase or sale of goods, materials, services or property;
 - vi) such related party’s appointment to any office or place of profit in the Company, its subsidiary company or associate company; and

- vii) underwriting the subscription of any securities or derivatives thereof, of the Company;
- c) defined as a 'related party transaction' under the relevant provisions of the Companies Act, 2013 or the listing regulations or any other related law, regulation, standard etc which is binding on the Company.

APPLICABILITY :

This Policy shall be applicable to all the Related Party Transactions as stated in the above paragraph entered in to by the Company

APPROVAL OF RELATED PARTY TRANSACTIONS:

- a) All Related Party Transactions shall require prior approval of the Audit Committee. The approval of the Audit Committee can be granted by way of passing resolution by circulation.

The audit committee, if satisfied regarding the need for omnibus approval may grant it for related party transactions which are repetitive in nature.

The audit committee may grant omnibus approval for the transactions subject to their value not exceeding rupees one crore per transaction.

The audit committee shall review, atleast on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approvals given.

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) All Material Related Party Transactions shall require prior approval of the shareholders through resolution and no related party shall vote to approve.
- c) In case of Related Party Transaction which is not in the ordinary course of business or which is in the ordinary course of business but is not an Arm's Length Transaction, whether or not it is a Material Related Party Transaction, prior approval of the Board granted at the meeting of the Board and prior approval of the shareholders of the Company by a resolution shall be necessary.
- d) The aforesaid approvals are not required for the transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with

such holding company which placed before the shareholders at the general meeting for approval

- e) A Related Party Transaction which is not a Material Related Party Transaction and which is in the ordinary course of the business and an Arm's Length Transaction, shall only require the prior approval of the Audit Committee.
- f) 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.
- g) The related parties shall not vote to approve as shareholders in case of approval of Related Party Transactions which require the approval of shareholders by way of a resolution.

THRESHOLD LIMITS FOR RELATED PARTY TRANSACTIONS:

All material related party transactions i.e. exceeding ten (10%) of the annual consolidated turnover of the Company as per last audited financial statement whether in the ordinary course of business or not and on Arm's Length Transaction or not shall require approval of shareholders also.

The following related party transactions which are not in the Ordinary course of business or which are in the ordinary course of business but is not an Arm's Length Transaction, whether or not it is a Material Related Party Transaction, shall require shareholder's prior approval as prescribed u/s 188 of Companies Act, 2013 or any amendment thereof:

1. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten percent of the turnover of the Company or rupees one hundred crore, whichever is lower;
2. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of net worth of the Company or rupees one hundred crore, whichever is lower;
3. Leasing of property of any kind exceeding ten percent of the net worth of the Company or ten percent of turnover of the Company or rupees one hundred crore, whichever is lower;

4. Availing or rendering of any services, directly or through appointment of agent, exceeding ten percent of the turnover of the Company or rupees fifty crore, whichever is lower:

5. Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees; or

6. Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.

PROCESS FOR DEALING WITH RELATED PARTY TRANSACTIONS:

- a) A list of all the Related Parties in relation to the Company shall be provided by the Secretarial Department to all the concerned departments, and updated from time to time.
- b) Every department, prior to entering in to any contract or arrangement with a related party, shall fill the details of the contract or arrangement in the format enclosed as an annexure to the Policy and submit the same to the Secretarial Department.
- c) The Secretarial Department shall, within 24 hours of submission of details, convey to the concerned department the approvals required if any for the contract / arrangement and approximate time within which such approval can be obtained.
- d) The Secretarial Department may ask for further information about the contract / arrangement, if felt necessary, to determine the nature / type of transaction.
- e) The contract / arrangement shall not be entered in to without the necessary approval from the Audit Committee / Board / shareholders, if such prior approvals are necessary under the Policy.
- f) The Secretarial Department shall arrange for the approval of the Audit Committee / Board / Shareholders, as may be necessary and upon receipt of necessary approvals, convey the same to the concerned department.

AMENDMENTS :

The Board of Directors shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

INTERPRETATION:

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made there under, Listing Regulations, Accounting Standards or any other relevant legislation / law applicable to the Company.
- b) The reference to the male gender in the Policy shall be deemed to include a reference to female gender.
- c) In case of any dispute or difference upon the meaning / interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term / provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

The Policy is reviewed and updated by the Board of Directors on 14th February, 2019. The Policy shall be disclosed on the website of the Company and the link of the same will be provided in the Annual Report.

Annexure

PATEL INTEGRATED LOGISTICS LIMITED
Format for reporting of Related Party Transactions

Name of the Department	:	
Name and designation of the person submitting the form	:	
Name of the Related Party	:	
Nature of relationship of the Related Party with the Company	:	
Brief Description of the Contract / Arrangement	:	
Total value of the Contract / Arrangement in Indian rupees	:	
Duration of the Contract / Arrangement	:	
Advance paid / received if any	:	
Other material terms of the Contract / Arrangement	:	
Manner of determining commercial terms including pricing.	:	
Details of the factors relating to the Contract / Arrangement not considered, if any, and rationale for the same	:	

Whether the Contract / Arrangement shall be considered an 'Arm's Length Transaction' under the Policy. If yes then reasons / rationale therefor.	:	
Any other relevant / important information relating to the Contract / Arrangement which the submitter may like to provide.	:	

Sign :

(Name of the submitter)

Date :

(To be filled in by the Secretarial Department)

Date of the approval by the Audit Committee :

Date of the approval by the Board :

Date of the approval by Shareholders :