

VRL LOGISTICS LIMITED
Related Party Transaction Policy

1. Preamble:

The Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Key Managerial Personnel etc. with the interests of the Company. The Board of Directors (the “Board”) of VRL Logistics Limited (the “Company” or “VRL”), adopts the following policy and procedures 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 thereunder and any subsequent amendments thereto (the “Act”) and Securities Exchange Board of India(LODR) Regulations 2015 as amended (SEBI Regulations) , in order to ensure transparency and procedural fairness of such transactions.

1.2 Objective:

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related parties in the best interests of the Company and its Stakeholders. Provisions of this policy are designed to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of related party transactions in spirit as well as in compliance with the applicable laws. Further, the Board may amend this policy from time to time as may be required. The Audit Committee of Directors (“Audit Committee”), shall review and approve Related Party Transactions based on this Policy in terms of the requirements under the above provisions. The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and SEBI Regulations.

This policy is framed as per requirement of SEBI Regulations intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interests of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

1.3 Transactions Covered by this Policy:

Transactions covered by this policy include any contract or arrangement with a related party with respect to transactions defined hereunder as “Related Party Transaction”. Any transaction entered into by the Company with a Related Party whether or not in its ordinary course of business and whether or not on an arm’s length basis shall require the PRIOR approval of the Audit Committee.

Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions..

2. Definitions

- 2.1 Act: "Act" means the Companies Act, 2013 including any amendment or modification thereof.
- 2.2 Arms' Length Transaction: "Arms' Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated.
- 2.3 Associate: "Associate" means a company as defined under section 2(6) of the Companies Act, 2013 and as defined by Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements".
- 2.4 Audit Committee: "Audit Committee" means the Committee of the Board formed under section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations.
- 2.5 Body Corporate: "Body Corporate" means an entity as defined in Section 2(11) of the Companies Act, 2013.
- 2.7 Company: "Company" means VRL Logistics Limited.
- 2.8 Director: "Director" means a person as defined in Section 2(34) of the Companies Act, 2013.
- 2.9 Employees: "Employees" shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.
- 2.10 Key Managerial Personnel: "Key Managerial Personnel" shall mean the officers of the Company as defined in Section 2(51) of the Companies Act, 2013 and rules prescribed thereunder.
- 2.11 Material Related party Transactions: "Material Related Party Transactions" shall mean a transaction as defined as material in Reg. 23 of SEBI Regulations or any other law or regulation including any amendment or modification thereof, as may be applicable.
- 2.12 Ordinary course of business: "Ordinary course of business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determination what is in the ordinary course business. It would also encompass the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.
- 2.13 Relative: "Relative" with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and Reg. 2(zd) of the SEBI Regulations.
- 2.14 Related party: "Related Party" means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and Reg. 2(zb) of the SEBI Regulations.
- 2.15 Related party transactions: "Related Party Transactions" shall mean such transactions as specified under Section 188 of the Act or rules made thereunder and Reg. 2(zc) of the SEBI Regulations including any amendment or modification thereof, as may be applicable.
- 2.16 Subsidiary: "Subsidiary" means a company as defined in Section 2(87) of the Companies Act, 2013.
- 2.17 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Regulations, Securities Contract Regulation Act or any other applicable law or regulation.

3. Terms and References

a) Arm's Length Basis: Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transaction such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one-off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.

b) Ordinary Course of Business" means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determination what is in the ordinary course business. It would also encompass the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

c) Materiality: The materiality of any RPT will be ascertained as per the thresholds prescribed under the Companies Act or the Listing Regulations, whichever is lower:

(i) Materiality threshold under the Companies Act

A transaction with a related party shall be considered material if it exceeds threshold as prescribed under section 188 of the Act read with Rules made thereunder or any subsequent amendment thereto.

(ii) Materiality threshold under SEBI Listing Regulations

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 the following:

- In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- In case of any other transaction(s), if the amount exceeds Rs 1,000 (one thousand) crore or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements, whichever is lower.

d) Material Modification: A modification to a RPT shall be considered material, if the:

- value of the modification individually or taken together with modifications during a financial year, exceeds 10% of the original transaction as approved by the Audit Committee and / or the shareholders.
- Material terms of the contract resulting in novation of the contract, change in tenure of the contract, deferment of security / guarantee shall also be treated as a material modification of the transaction.

4. All Related Party Transactions shall be reported to the Audit Committee and dealt with by the Committee in accordance with this Policy.

4.1 Review and Approval of Related Party Transactions

- (a) All Related Party Transactions or changes therein must be reported either by the Chief Financial Officer or by the Head of Accounts Department or by the Compliance Officer and referred for prior approval by the Audit Committee. Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.
- (b) The Audit Committee will undertake an evaluation of the Related Party Transaction. If such evaluation necessitates that the Related Party Transaction would require the further approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.
- (c) If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company.
- (d) In determining whether to approve a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- (e) No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- (f) If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.
 - (i) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interests of the company;
 - (j) The 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 case 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, the transaction however being in the nature of a transaction for which Omnibus approval is already granted by the Audit Committee, the Audit committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1.00 crore per individual transaction.

- (g) Thereafter, the Audit Committee, shall review atleast on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- (h) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- (i) In addition, the Audit Committee/ the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.
- (j) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

4.2 Standards for Review

A Related Party Transaction reviewed under this Policy will be considered approved if it is authorized by the Audit Committee/Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider.

- a) the Related Party's interest in the Related Party Transaction;
- b) the approximate amount involved in the Related Party Transaction;
- c) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;
- d) whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- e) whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
- f) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- g) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transaction, if any;
- h) 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
- i) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee director;

- j) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the director or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee/Board deems relevant.
- k) Required public disclosure, if any ; and
- l) Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ shareholders, as applicable in light of the circumstances of the particular transaction.

The Audit Committee/Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/Board, as applicable, may approve/recommend to the shareholders, the Related Party Transaction only if the Audit Committee/Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee/Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

Underwriting and Screening of arms' length Related Party Transaction

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening /selection criteria/ underwriting standards and procedures as may be applicable in case of an unaffiliated party.
- (ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.

Related Party Transaction limits

The Related Party Transaction must be within the lower of the following transaction limits with respect to any Related Party:

1. Limits on Material Related Party Transactions; and
2. Expected transaction volumes based on past transactions with Related Parties using linear rate of growth as evidence by past data.

Credit limits extended to the Related Party must be usual as for unaffiliated parties.

4.3 Identification of Potential Related Party Transactions

- (a) Each director/Key Managerial Personnel is responsible for providing written notice to the Compliance Officer of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Compliance Officer may reasonably request. The Compliance Officer in consultation with other members of management and with the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- (b) Every director/ Key Managerial Personnel of the Company 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 to the Audit

Committee as also at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.

- (c) Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith to the Audit Committee and ensure that no further transactions are transacted with such entity without obtaining prior approval of the Audit Committee, failing which any such further transaction entered into shall be voidable at the option of the Company.
- (d) A contract or arrangement entered into by the company 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 the Company.
- (e) The Company strongly prefers to receive notice of any potential Related Party Transaction well in advance so that the Compliance Officer has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority.

4.6 Disclosures

- (a) The Company is required to disclose Material Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- (b) Details of all Related Party Transactions shall be disclosed in accordance with the SEBI (LODR) Regulations, 2015, wherever required.
- (c) The Company is also required to disclose this Policy on its website and also transaction's made 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.

This Policy will be communicated to all operational employees and other concerned persons of the Company.