

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

The Company is committed to practicing the maximum transparency in the conduct of Related Party Transactions in sync with its corporate governance philosophy based on the objective of continuing ethical 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, Senior Management etc. with the interest of the Company.

The Board of Directors (the "Board") of Chartered Logistics Limited (CLL or Company) has adopted the following policy on Related Party Transactions to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. Objective

This policy is framed as per the requirement of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and in accordance with the provisions of Section 188 of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014. Related Party Transaction (RPT) transactions are appropriate only if they are in the best interest of the Company and its stakeholders in addition to being in conformity with the applicable laws. The Company is required to disclose each year in the Financial Statements RPT as well as the policy concerning RPT. There being two sets of regulations governing RPT and CLL being a listed entity, more stringent of the two shall be adhered to in the conduct of RPT by the Company.

Policy has been designed to ensure the transparency of approval process and disclosures requirements for fairness in the conduct of RPT in accordance with the applicable laws. This policy shall supplement the Company's practices applicable to or involving the transactions with related persons. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee"), shall review, approve and where permitted ratify Related Party Transactions based on this Policy in terms of the requirements under the above regulatory provisions as applicable.

3. Applicability

This Policy shall come into force with effect from April 1, 2015 and shall be applicable to transactions, covered under Section 188 of the Companies Act, 2013 or which are related party transactions under the Income Tax Act, 1961 or under the SEBI LODR, when made with:-

- (a) Board of Directors & their Relatives,
- (b) Key Managerial Personnel (KMP) of the Company and their Relatives, and
- (c) Other Related Parties, as defined hereinafter.

4. Definitions

- 4.1 "Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under the provisions of Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 4.2 "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. (Section 188 of the Companies Act, 2013)
- 4.3 "Board of Directors" or "Board"** in relation to a Company, means the collective body of Directors of the Company. (Section 2(10) of the Companies Act, 2013)
- 4.4 "Control"** includes the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. (Section 2(27) of the Companies Act, 2013)
- 4.5 "Key Managerial Personnel"** means, [Section 2(51) of the Companies Act, 2013]
- (i) Chief Executive Officer or Managing Director or Manager;
 - (ii) Company Secretary;
 - (iii) Whole Time Director;
 - (iv) Chief Financial Officer; and
 - (v) Such other officer as may be prescribed.
- 4.6 "Material Related Party Transaction"** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. (Regulation 23 of the SEBI LODR)
- 4.7 "Policy"** means Related Party Transaction Policy.
- 4.8 "Related Party"** means related party as defined under Section 2(zb) of the SEBI LODR and Section 2(76) of the Companies Act, 2013.
- 4.9 "Related Party Transaction"** means a transfer of resources, services or obligations between a listed entity and a related party, 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.

4.10 "Relative" means relative as defined under Section 2(zd) of the SEBI LODR and Section 2(77) under the Companies Act, 2013.

5. Process:

- 5.1.1 All Related Party Transactions must be referred to Audit Committee for prior approval by the Committee in accordance with this Policy.

- 5.1.2 Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-
 - (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
 - (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
 - (c) the omnibus approval shall specify:
 - (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) 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 rupees one crore per transaction.
 - (d) 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.

- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- (f) In addition, the Audit committee/the Board may review any Related Party transactions involving independent directors as a part of the annual determination of their independence.
- (g) Nothing in this policy shall override any provisions of the law made in respect of any matter stated in this policy.

6. Prohibitions related to Related Party Transactions

As per Regulation 23(4) of the SEBI LODR, all Material Related Party Transactions shall require approval of the shareholders through a resolution and the Related Parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis; and (b) exceed the thresholds laid down in the Companies (Meetings of Board and its Powers) Rules, 2014, shall be placed before the shareholders for their approval.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Board or Shareholders:

- (i) Any transaction at involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

7. Reporting Requirements

The Company shall report to the Stock Exchanges on quarterly basis, the details of all material transactions with Related Parties.

The Company shall report in the Annual Report, the transactions that require the approval of the Board and shareholders with justification for entering into such contract or arrangement.

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". Provided that any transactions entered into by the Company with a Related Party in its ordinary course of business and on an arm's length basis shall not require any approval of the Audit Committee/ Board of Directors of the Company. Provided further that, any transaction entered into by the Company with Related Party in its ordinary course of business and on an arm's length basis shall be periodically disclosed to the Board.

8. Review

The policy shall be reviewed by the Audit Committee and the Board, from time to time as may be necessary.

This Policy will be communicated to all related parties, operational employees and other concerned persons of the Company and also uploaded on the web site of the Company.