



# **CHARTERED LOGISTICS LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**



## 1. PREAMBLE

Securities and Exchange Board of India has notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations"). Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("Listing Regulations") and Section 188 of the Companies Act, 2013 read with its amendments thereto mandates all listed companies to formulate the Policy for Determining Material Subsidiaries to ensure governance of material subsidiary companies

## 2. OBJECTIVE OF THE POLICY

The objective of this policy is to regulate transactions between the Company and its Related Parties as determined based on the Companies Act, 2013, Listing Regulations and any other laws and regulations as may be applicable to the Company.

## 3. DEFINITIONS

- 1) **"Act"** means the Companies Act, 2013, Rules framed thereunder and any amendments thereto.
- 2) **Arm's Length Basis:** RPT will be treated to be on 'Arm's Length Basis' if the key terms, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with non-related parties.
- 3) **"Associate"** means a company as defined under section 2(6) of the Companies Act, 2013 and as defined by applicable accounting standard".
- 4) **"Audit Committee"** means the Committee of the Board formed under section 177 of the Act and Regulation 18 of the Listing Regulations.
- 5) **"Board of Directors"** or **"Board"** means the collective body of the Directors of the Company.
- 6) **"Body Corporate"** means an entity as defined in Section 2(11) of the Companies Act, 2013.
- 7) **"Company", "This Company", "The Company"**, wherever occur in the policy shall mean **"Chartered Logistics Limited"** or ("CLL").
- 8) **"Employees"** shall mean the employees and office-bearers of the Company, including but not limited to Whole Time Directors.
- 9) **"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.



- 10) **Materiality:** The materiality of any RPT will be ascertained as per the thresholds prescribed under the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015.

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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity

- 11) **Ordinary Course of Business:** RPT will be considered in ordinary course if they are entered in the normal course of the business pursuant to the objects of the Company as per the charter documents of the Company.

- 12) **"Relative"** with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

- 13) **Related Party:** A Related Party shall have the same meaning as defined under the Act and the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 as amended from time to time.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

- 14) **Related Party Transaction ("RPT"):** A Related Party Transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

- 15) **"Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto.

- 16) **"Subsidiary"** means a company as defined in Section 2(87) of the Companies Act, 2013

- 17) **"Website"** means website of the Company i.e. [www.chartered.co.in](http://www.chartered.co.in)

#### 4. INTERPRETATION

Terms that have not been defined in this policy shall have the same meaning assigned to them in the Companies Act, 2013, and / or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 5. MANNER OF DEALING WITH RELATED PARTY TRANSACTION

##### 1) Disclosure by Directors and Identification of Transaction with related Parties

Each Director and Key Managerial Personnel is responsible for providing notice to the Company or Audit Committee of any potential Related Party Transaction involving him or her or his or her relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Audit Committee will determine whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Each Director shall disclose of his interest or concern (MBP-1) to the Company and this disclosure shall be placed before the Board of Directors at their first meeting held in the financial year. Any further change in the list of relatives or change in interest shall be intimated by the Directors from time to time, as may be required.



Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

## 2) Review and approval of Related Party Transaction

### a) Audit Committee

- i. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Exempted Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).
- ii. All the transactions which are identified by the Audit Committee as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit committee to consider the following factors while deliberating the related party transactions for its approval: -
  - Name of party and details explaining nature of relationship;
  - Duration of the contract and particulars of the contract and arrangement;
  - Nature of transaction and material terms thereof including the value, if any;
  - Whether at arm's length or not;
  - Business rationale for entering into such transaction;
  - Any other information relevant or important for the Board to take a decision on the proposed transaction.
- iii. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction, if the Committee determines that the related party transaction is
  - a Material related party transaction; or
  - Transactions are not in the ordinary course of business or not at the arm's length price, the Audit Committee shall place the matter before the Board for obtaining its approval.
- iv. In determining whether to approve a Related Party Transaction, the Committee may consider the following factors, among others, to the extent relevant to the Related Party Transaction
  - Whether the terms of the Related Party Transaction are **fair and on arm's length basis** to the Company and would apply on the same basis if the transaction did not involve a Related Party;
  - Whether there are any **compelling business reasons / rationale** for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
  - Whether the Related Party Transaction would **affect the Independence of an Independent Director**;
  - Whether the proposed transaction includes **any potential reputational risk issues** that may arise as a result of or in connection with the proposed transaction;



- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre- approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
  - Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- v. Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the company subject to the following conditions, namely:
- the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature;
  - the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the company;
- vi. The omnibus approval shall specify:
- the name(s) of the related party, nature of transaction, period of transaction, maximum number of transactions that shall be entered into,
  - 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 rupees one crore per transaction.
- vii. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company pursuant to each of the omnibus approvals given.
- viii. 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) Board of Directors**

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis or board elects to review any such matter, shall be placed before the Board for its review and approval, with such modification as may be necessary or appropriate under the circumstances.

Moreover, transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval or Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval or Transactions meeting the materiality thresholds laid down in the Policy, which are intended to be placed before the shareholders for approval, shall require board's approval.



Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

**c) Shareholders' Approval**

All the transactions with related parties exceeding the materiality thresholds as laid down under Clause III of the Policy, are placed before the shareholders for approval.

For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

In addition to the above, all kinds of transactions specified under Section 188 of the Act which are not at

- Arm's Length or not in the ordinary course of business; and
- exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval shall not be applicable for 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.

Provided that the above requirement shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, if any, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

**d) Transactions which do not require approval**

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

Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, in connection with his or her duties to the Company;

- Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than key managerial personnel (or comparable position), provided that each such contribution, made in a particular financial year, does not exceed two per-cent (2%) of the Company's average net profit for the preceding three financial years;
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holder

**e) Related Party Transactions not approved under this Policy**

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate such transaction and shall decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction, to the extent permissible under the law.



In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

## **6. DISCLOSURE**

The company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance to the stock exchanges where the securities of the company are listed.
- This Policy shall be made available on the website of the Company and a web link thereto shall be provided in the Company's Annual Report.

## **7. POLICY REVIEW**

This policy shall be reviewed at least once in every three years so that the policy remains compliant with applicable legal requirements. The board shall keep the policy updated as per applicable statutory guidelines.

## **8. AMENDMENT**

The Board shall have 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 according to subsequent modification(s) / amendment(s) to Regulations. However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.