

Policy on Related Party Transactions

(Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Adopted on January 29, 2019

1. SCOPE AND PURPOSE OF THE POLICY:

A company, in the course of conduct of its business, enters into various transactions with different parties, including its related parties. The concern arises only when there is abuse of a related party transaction on account of conflict of interest and non-arm's length dealings which are beneficial to a related party but detrimental to the other stakeholders. The concern also arises when there is siphoning of funds and diversion of resources of the company. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR)"), Jet Freight Logistics Limited (Company) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Regulation 23(1) of the SEBI Listing Regulations requires the company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In the light of the above, the Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

This Policy will be applicable to the Company effective from April 01, 2019.

2. OBJECTIVE:

The objective of this Policy is to set out (i) the materiality thresholds for RPTs and; (ii) the manner of dealing with the transactions between the Company and its related parties based on the Act, SEBI (LODR) and any other laws as may be applicable to the Company.

3. DEFINITIONS:

"Act" means the Companies Act, 2013.

"SEBI (LODR)" means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"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.

"Ordinary course of business" would include transactions which are entered into in the normal course of the business pursuant to or for promoting or in furtherance of the company's business objectives, as per the charter documents of the company. When such activity is covered in the objects clause of the Memorandum of Association, repetitive/frequent, revenue is generated. any activity which is routine and in accordance with the usual customs and practices of a particular business can be described to be 'in the ordinary course of business'.

"Company" means Jet Freight Logistics Limited

“Relative” means persons as defined in Section 2(77) of the Act and rules prescribed thereunder

“Related Party” have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

"Related Party Transaction" have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether 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, including but not limited to the following -

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof, of the company

“Material Related Party Transaction”-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.

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 listed entity as per the last audited financial statements of the listed entity. “

“Key Managerial Personnel” or “KMP” shall have the meaning as defined in the Companies Act, 2013.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.

4. APPROVAL OF THE AUDIT COMMITTEE:

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- A.** The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
 - i. repetitiveness of the transactions (in past or in future);

ii. justification for the need of omnibus approval.

B. Subject to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

1. The maximum value of all the transactions, in aggregate, which can be allowed under omnibus route in a year;
2. The maximum value per transaction which can be allowed;
3. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:-
 - i. Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) - including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
 - ii. Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
 - iii. Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
 - iv. Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
 - v. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 - management assessment of pricing terms and business justification for the proposed transaction;
 - comparative analysis, if any, of other such transaction entered into by the company.
4. The Audit Committee shall review, at least on a **quarterly basis**, the details of related party transactions entered by the company pursuant to each omnibus approval given;
5. **Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:**
 - Transactions which are not at arm's length or not in the ordinary course of business;
 - Transactions which are not repetitive in nature;
 - Transactions in respect of selling or disposing of the undertaking of the company;
 - Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties;
6. Any other transaction the Audit Committee may deem not fit for omnibus approval.

- Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- C. As per the provisions of Section 188 of the Act, all kinds of transactions specified under said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.
- D. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

5. APPROVAL OF THE BOARD OF DIRECTORS OF THE COMPANY:

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, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- a) Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- b) 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;
- c) Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval
- d) Transactions meeting the materiality thresholds laid down in definition, which are intended to be placed before the shareholders for approval.

6. APPROVAL OF THE SHAREHOLDERS OF THE COMPANY:

All the transactions with related parties exceeding the materiality thresholds, laid down in definition, 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 (a) are not at Arm's Length or not in the ordinary course of business; and (b) 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.

7. RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL:

Following Related Party Transactions shall not require any separate approval under this Policy:

- a. Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee of the Company and the Board;
- b. Transactions that have been approved by the Board under the specific provisions of the Companies Act, 2013 e.g. inter-corporate deposits, borrowings, investments etc. with or in wholly owned subsidiaries or other Related Parties;
- c. Payment of Dividend;
- d. Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Listing Regulations, 2015;
- e. Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the CSR Committee.

8. AMENDMENTS TO THE POLICY:

The Audit Committee of the Company shall review this Policy from time to time, but at least once every three years, and may recommend amendments to the same for approval of the Board.

In case of any amendments, clarifications, circulars etc issued by the relevant authorities not being consistent with the provisions laid down in this Policy, then such amendments, clarifications, circulars etc shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under amendments, clarifications, circulars etc.