

RULES, REGULATIONS, AND PENALTY CLAUSES

(Annexure to the Contract Agreement between BlueSky Logistics Pvt. Ltd. and GreenMart Exports)

1. PREAMBLE

This Rules, Regulations, and Penalty Annexure (hereinafter referred to as “Annexure”) forms an integral part of the Logistics Service Agreement executed between BlueSky Logistics Pvt. Ltd. (the Carrier) and GreenMart Exports (the Consignor).

The purpose of this Annexure is:

1. To set forth clearly defined obligations on the Carrier and the Consignor.
2. To create standard operating procedures (SOPs) for logistics handling.
3. To identify penalties, damages, and compensations in case of failure to adhere to obligations.
4. To minimize ambiguity and disputes through detailed codification of rights and responsibilities.
5. To ensure compliance with national, international, and trade regulations governing logistics and supply chain management.

This Annexure shall be binding, legally enforceable, and subject to interpretation strictly under the Indian Contract Act, 1872 and other applicable laws.

2. SERVICE LEVEL COMPLIANCE

2.1 Delivery Commitments

- Delivery timeframes agreed at the time of booking shall be binding.
- Delays caused by poor planning, insufficient fleet allocation, or negligence shall not be excused.
- For high-value or time-sensitive shipments, the Carrier must provide real-time GPS tracking and status updates.

Penalty:

- ₹5,000 per truck/container per day of delay in addition to % penalty on invoice value.
 - Example: If 3 trucks are delayed by 2 days each, penalty = ₹30,000 flat + % invoice penalties.
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2.2 Express Shipments

- **Express shipments are to be treated as priority cargo, with no deviation.**
- **Any missed delivery window beyond 6–12 hours shall be treated as a serious contractual breach.**

Penalty: Compensation equivalent to double the freight charges + reimbursement of third-party fines borne by Consignor.

2.3 SLA (Service Level Agreement) Parameters

Carrier performance shall be measured on following KPIs (Key Performance Indicators):

- 1. On-Time Delivery Rate – Minimum 95%.**
- 2. Damage-Free Shipments – Minimum 98%.**
- 3. Accuracy in Documentation – Minimum 99%.**
- 4. Complaint Resolution Time – Within 72 hours.**

If SLA falls below thresholds for 2 consecutive months, Consignor may impose performance penalty of ₹2,00,000 per quarter.

3. DOCUMENTATION & LEGAL COMPLIANCE

3.1 Shipping Documents

Carrier must ensure accurate preparation of:

- **Invoice & Packing List.**
- **Bill of Lading / Airway Bill.**
- **Customs Declaration.**
- **Insurance Certificate.**

Failure to furnish documents = delay penalties + actual loss recovery.

3.2 Customs Violations

Carrier bears full liability for misdeclarations, undervaluations, or classification errors.

Penalty:

- **Full customs fine + 25% administrative surcharge.**
 - **Example: Customs penalty of ₹4,00,000 → Carrier must pay ₹5,00,000 (fine + surcharge).**
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3.3 Regulatory Adherence

Carrier must follow:

- **Motor Vehicles Act, 1988.**
- **Carriage by Road Act, 2007.**
- **Carriage of Goods by Sea Act, 1925.**
- **International Maritime Dangerous Goods (IMDG) Code.**
- **Air Cargo (DGCA & IATA) regulations.**

Non-compliance shall result in contract suspension until corrective action.

4. CARGO HANDLING & SAFETY

4.1 General Handling Rules

- **Cargo must be stowed, loaded, and unloaded safely.**
- **Use of ropes, forklifts, pallets, and protective gear is mandatory.**
- **Stacking height must not exceed manufacturer's recommendation.**

4.2 Insurance & Liability

- **Carrier must provide Cargo Insurance covering theft, accident, fire, natural disasters, and handling damage.**
 - **In absence of insurance, Carrier is personally liable for the full value of goods.**
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4.3 Fragile Goods

- **Bubble wrap, carton reinforcement, and shock-proof handling are compulsory.**
 - **Any crack, break, or dent = 100% replacement cost + handling penalty.**
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4.4 Hazardous Goods

- **Must be transported with UN-approved containers.**
 - **Spill kits, fire extinguishers, and protective equipment mandatory.**
 - **Accident due to mishandling → Carrier liable for third-party damages, environmental fines, and cleanup cost.**
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4.5 Perishables & Cold Chain Cargo

- **Carrier must maintain temperature logs, subject to audit by Consignor.**

- Spoiled goods = 100% invoice value refund + reputational damages capped at ₹25,00,000.
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5. PENALTY STRUCTURE

5.1 Delay Penalties

- Domestic: 1.25% per day of invoice value.
- International: 2% per day of invoice value.

5.2 Damage Penalties

- Partial damage: Cost of replacement + 20% penalty.
- Total loss: Full invoice value + 30% penalty.

5.3 Mismanagement Penalties

- Failure to track shipment: ₹10,000 per instance.
 - Failure to respond to queries within 24 hours: ₹5,000 per instance.
 - Miscommunication leading to loss: actual loss + ₹25,000 fine.
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6. PAYMENT & FINANCIAL COMPLIANCE

- All freight invoices must be submitted within 7 working days of dispatch.
 - Consignor to pay within 30 days subject to proof of delivery.
 - Carrier must not levy hidden charges (detention, loading, unloading) unless pre-approved.
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7. FORCE MAJEURE

Carrier may be excused from delay penalties if cause is:

- Flood, cyclone, earthquake.
- Political unrest, strikes, riots.
- Government-imposed embargoes.

However, Carrier must:

1. Notify Consignor within 48 hours.
2. Provide alternate arrangements within 5 days.

Failure to do so = penalties still applicable.

8. TERMINATION & BLACKLISTING

- Repeated breach (3 or more in 12 months) allows Consignor to terminate contract immediately.
 - Carrier may be blacklisted and reported to industry associations.
 - Termination does not affect pending liabilities or claims.
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9. DISPUTE RESOLUTION

- Step 1: Internal reconciliation within 7 working days.
 - Step 2: Mediation with third-party auditor.
 - Step 3: Final arbitration under Arbitration & Conciliation Act, 1996 in Chennai.
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10. CASE STUDIES (Expanded)

Case A – Delay in Automobile Parts

Invoice value: ₹25,00,000. Delay: 5 days.

Penalty = $1.25\% \times 5 \times ₹25,00,000 = ₹15,62,500$.

Case B – Spoiled Vegetables Shipment

Value: ₹8,00,000. Cold chain failed.

Penalty = Full value (₹8,00,000) + ₹2,00,000 damages = ₹10,00,000.

Case C – Hazardous Cargo Spill

Chemical leakage caused ₹50,00,000 cleanup cost.

Penalty = Full liability on Carrier + Blacklisting.

11. TRAINING & AUDIT OBLIGATION

1. Carrier must conduct quarterly training for staff in cargo handling.
 2. Consignor reserves right to conduct surprise audits of warehouses and fleets.
 3. Failure to meet audit benchmarks attracts ₹1,00,000 penalty per quarter.
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12. ACKNOWLEDGMENT

Both parties agree:

- The above clauses are fair, enforceable, and mutually beneficial.
- Penalties represent liquidated damages, not punishments.
- Compliance ensures long-term partnership, failure leads to termination.

SIGNATURES

For BlueSky Logistics Pvt. Ltd.

Authorized Signatory: _____

Date: _____

For GreenMart Exports

Authorized Signatory: _____

Date: _____