

Jai Corp Limited

Policy on Related Party Transactions

Preamble:

Pursuant to the provisions of Regulation 23(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**‘the Listing Regulations’**) every listed entity is required to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the board of directors.

In addition to the Listing Regulations, the Companies Act 2013 (**‘the Act’**) also seeks to regulate related party transactions.

Pursuant to the requirements stated above, the Audit Committee had framed this policy in terms of the above requirements and approved the same on 4th November, 2015. This Policy was duly approved by the Board of Directors on 4th November, 2015 and updated on 1st day of December, 2018.

Pursuant amendments brought about by Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, the changes effective from 1st April, 2022 or from 1st April, 2023, as the case may be, the existing Policy is being updated.

The words and phrases used herein shall, unless the context otherwise admits, have the meaning assigned to them under the Act and/or the Listing Regulations.

Title

This policy shall be called **“Policy on Related Party Transactions ”**.

Related party transaction:

Related party transaction is defined in Regulation 2(zc) of the Listing Regulations to mean a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) with effect from April 1, 2023 a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries 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:

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

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- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

A "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Material related party transaction:

A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

However, 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 2% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

The Policy

Identification of related party transactions/ potential related party transactions:

It shall be the responsibility of all directors and key managerial personnel and senior management to bring to the attention of the Audit Committee/ Board, as the case may be, any related party transaction/ potential related party transaction.

The intimation that a transaction is, or may be regarded as a related party transaction, should be sent as early as is practicable to ensure that the same is placed before the Audit Committee/ Board, as the case may be, at the earliest possible meeting.

Board Responsibility

Pursuant to Regulation 4(2)(f)(ii)(6) of the Listing Regulations, the Board of Directors has been charged with certain 'key functions' that *inter alia* include monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders including abuse in related party transactions.

Justifying related party transactions:

It shall be the endeavour of the Company to have minimum related party transactions. Only where the business module or the situation demands that activities be undertaken through a related party, such transactions will be carried out.

Audit Committee/ Board Responsibility

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

(a) the audit committee hereby defines “material modifications” to a related party transaction to mean any modification, either individually or taken together with any previous modification, made in the nature, value/exposure, or other terms and conditions of any on-going or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, which has the effect of variation in the approved value of the transaction, by 25% or more or Rs. 50 crore, whichever is higher, or by which the transaction ceases to be in ordinary course and/or on arms’ length or such other parameter as may be determined by the Audit Committee from time to time. Provided that, a modification mandated pursuant to change in law, or pursuant to and in accordance with the terms of the approved transaction/contract, or resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.), or is of a nature which is purely technical and does not result in substantive change or alteration of rights, interests, and obligations of any of the parties, or is uniformly affected for similar transactions with unrelated parties shall not be regarded as material modification.

(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

(d) prior approval of the audit committee shall not be required for a related party transaction to which a listed subsidiary is a party but the listed entity is not a party, if regulation 23 and regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

(e) For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

However, that the requirements specified above shall not apply:

i. in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved

ii. 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.

iii. transactions entered into between two wholly owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Factors to be considered in approving a related party transaction:

In determining whether to approve or ratify a related party transaction the Audit Committee and/ or the Board will generally consider the following factors, *inter alia*, to the extent relevant to the concerned transaction –

1. Whether the transaction proposed to be entered into or already entered into is on terms and conditions not less favourable to the Company than the terms and conditions as are expected to be present had such agreement been made with an unrelated party.

2. The purpose of and the potential benefits to the Company out of the transaction/ proposed transaction.

3. Whether the transaction/ proposed transaction is likely to compromise the independence of an independent director.

4. Whether the transaction/ proposed transaction is likely to result in any conflict of interest of interest for any director and/ or key managerial personnel including their relatives.

5. While determining the materiality of a related party transaction regard shall be had to the applicable provisions of law.

Should the Audit Committee and/ or the Board has/ have any apprehension about a transaction/ proposed transaction, it/ they can suggest suitable modification to the transaction so as remove or modify the particular term(s) and condition(s) not deemed appropriate in the interests of the Company.

Process of approval of a related party transaction:

1. By the Audit Committee -

Under Regulation 23(3) of the Listing Regulations–

The Audit Committee, after satisfying itself of the necessity, may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the conditions stated in the said Regulation. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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.

However, the above shall not be applicable to 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.

2. By the Board of Directors –

- a. Board's consent is required for all related party transactions specified in Section 188 of the Companies Act, 2013 unless the transactions are in the ordinary course of business of the Company and on an arm's length basis.
- b. Disclosure of interest by a director is required pursuant to Section 184 of the Companies Act, 2013.

3. By the Shareholders –

Where a related party transaction(s) except those with any wholly owned subsidiary whose accounts are consolidated with that of the Company and are placed before the shareholders at the general meeting for approval exceed the prescribed thresholds limits, and is considered material, approval of shareholders is required to be obtained through a resolution no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Applicability:

This updated Policy, duly approved by the Board of Directors on 29th March, 2022 based on the recommendation of the Audit Committee.

The Policy shall replace the existing policy with effect from 1st April, 2022 except those where a different date is mentioned.

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

This Policy will be reviewed as and when required but at least once in three years or such time period as may be required under a prevalent statute.

The Policy is to be disclosed on the website of the Company and a web link of the same will be provided in the Annual Report.