



JAMNA AUTO INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. INTRODUCTION

Clause 49(VII) (C) of the Listing Agreement requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In line with the requirements of clause 49 of the Listing Agreement and provisions of the Companies Act, 2013 (“Act”), the Board of Directors has formulated this policy for identification and proper conduct and documentation of all related party transactions.

This policy has been adopted at the meeting of the Board of Directors held on 19 May, 2015 based on the recommendations of the Audit Committee. The Audit Committee would review and amend the policy, as and when required, subject to the approval of the Board.

2. DEFINITIONS

- 2.1. “Act” means the Companies Act, 2013 or any statutory modification or re-enactment thereof.
- 2.2. “Audit Committee” means the committee of Board of Directors constituted in pursuance of Section 177 of the Act and Clause 49 of Listing Agreement.
- 2.3. “Board” means the Board of Directors of the Company.
- 2.4. “Key Managerial Personnel” means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Act.
- 2.5. “Company Secretary” means Company Secretary of the Company appointed under the Act or the Companies Act, 1956.
- 2.6. “Listing Agreement” means listing agreement executed by the Company with Stock Exchanges as amended from time to time.
- 2.7. “Material Related Party Transaction” shall have the meaning as ascribed in Clause 3.2 hereof.
- 2.8. “Related Party” means an entity which is a related party under Section 2(76) of the Act or Clause 49 (VII) of the Listing Agreement.
- 2.9. “Related Party Transaction” shall mean a transaction, between the Company and a Related Party, falling under the provisions of Section 188 of the Act or Clause 49(VII) of Listing Agreement.
- 2.10. “Rules” means the Rules framed under the Act as amended from time to time.
- 2.11. “Specified RPT” shall have the meaning as ascribed in Clause 3.3.6 hereof.
- 2.12. “Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 2.13. “Ordinary Course of Business” means a transaction which:
 - a. is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MOA) of the Company as amended from time-to-time (or)
 - b. is a common commercial practice (or)
 - c. meets any other parameters/criteria as decided by the Board/ Audit Committee.

3. PROCEDURE

3.1. Identification of Related Parties

On the basis of the disclosures from the Directors and Key Managerial Personnel from time to time, the Company shall compile and update the list of Related Parties.

3.2. Material Related Party Transaction

A Related Party Transaction shall be considered material (“Material Related Party Transaction”) if the transaction or transactions to be entered into individually or taken together with previous transactions during a Financial Year, exceeds 10% or such higher/lower percentage of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company as may be prescribed under the provisions of the Listing Agreement from time to time

3.3. Review and approval of Related Party Transactions

3.3.1. All Related Party Transactions shall require prior approval of the Audit Committee in accordance with the provisions of the Listing Agreement for the time being in force. It is clarified that any modification/renewal of an existing Related Party Transaction shall also require prior approval of Audit Committee.

3.3.2. The Audit Committee may grant omnibus approval to one or more proposed Related Party Transactions, which are of repetitive nature.

The omnibus approval shall be subject to the following conditions:

- a) The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- b) Such omnibus approval shall specify (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can 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 the transaction value not exceeding Rs.1 crore per transaction as prescribed under the provisions of the Listing Agreement for the time being in force.

- c) Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each omnibus 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.
- 3.3.3. The information in respect of proposed Related Party Transactions alongwith complete details should be submitted by the concerned departments / divisions of the Company to the Company Secretary well in advance.
- 3.3.4. The Company Secretary shall review the information and details of the proposed Related Party Transaction and prepare a detailed note. The note so prepared by the Company Secretary shall be circulated to the Audit Committee members for their approval of the concerned Related Party Transaction.
- 3.3.5. Each Material Related Party Transaction shall also require prior approval of the Board and shareholders of the Company, in accordance with the relevant provisions of the Listing Agreement, the Act or the Rules, as may be applicable.
- 3.3.6. In case a Related Party Transaction under the Act is either 'not on an arm's length basis' or 'not in the ordinary course of business' ("Specified RPT"), such Related Party Transaction shall require approval of Board of Directors and Shareholders of the Company:
- a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent exceeding 25% or such percentage (%) of the annual turnover of the Company or as may be prescribed by the relevant rules of The Companies Act, 2013 from time to time.
 - b) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent exceeding 10% percent or such percentage (%) of the net worth of the Company or as may be prescribed by the relevant rules of The Companies Act, 2013 from time to time.;
 - c) Leasing of property of any kind exceeding 10% or such percentage (%) of net worth of the Company or 10% or such percentage (%) of turnover of the Company or as may be prescribed by the relevant rules of The Companies Act, 2013 from time to time;
 - d) Availing or rendering of any services, directly or through appointment of agent exceeding 10% or such percentage (%) of the network of the Company or as may be prescribed by the relevant rules of The Companies Act, 2013from time to time.;

- e) Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000 (Rupees Two Lakh Fifty Thousand only) or such amount as may be prescribed by the relevant rules of The Companies Act, 2013 from time to time.
- f) Contractor arrangement in respect of remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding 1% or such percentage (%) of net worth of the Company or as may be prescribed by the relevant rules of The Companies Act, 2013 from time to time.

It is clarified that all Material Related Party Transactions shall require approval of the shareholders as prescribed under Clause 3.3.5 hereof even if such Related Party Transactions are on an arm's length basis and in the ordinary course of business.

3.3.7. In the event the Audit Committee decides to put up a Related Party Transaction before the Board, or if the Board *suo-moto* elects to review any Related Party Transaction or if a Related Party Transaction is required to be approved by the Board of Directors in pursuance of the Act, Rules or Listing Agreement, the process set forth in this clause 3 shall apply *mutatis-mutandis* for approval of such Related Party Transaction by the Board of Directors, subject to such exceptions as may be necessary or appropriate under the circumstances.

3.3.8. Subject to the other provisions of clause 3, brief details of Related Party Transactions entered into by the Company should be placed before the Audit Committee on a quarterly basis.

4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THE POLICY

In case the Audit Committee becomes aware of any Related Party Transaction that has not been approved under the Policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision, seeking Board or shareholders' approval or discontinuation of the said Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take such action as it may deem appropriate.

5. DISCLOSURE OF RELATED PARTY TRANSACTIONS

5.1 The particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under Clause 49 of the Listing Agreement, the Act and Rules, from time to time.

5.2. The company shall report to the Stock Exchange(s) where the securities of the Company are listed along with the compliance report on corporate governance on a quarterly basis detail of all ascertainable/ trackable Material Transactions with related parties.

5.3 Director's report shall contain details of Related Party Transactions as required under the provisions of the Act.

5.4 The Company shall host this Policy on its website and a web-link thereto shall be provided in the Annual Report of the Company.

6. **AMENDMENT**

This Policy can be amended, modified or revised from time to time and if there is no bar under the Listing Agreement or the Act, then the same can be abrogated by the Board of Directors of the Company.