



# **JAMNA AUTO INDUSTRIES LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

### **1. INTRODUCTION**

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Listing Regulations and provisions of the Companies Act, 2013, the Board of Directors has formulated this policy for identification and proper conduct and documentation of all related party transactions.

The Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly based upon the recommendations of the Audit Committee. The Audit Committee will review the policy as and when required.

### **2. DEFINITIONS**

21. “Act” means the Companies Act, 2013 including any statutory modifications or re-enactments thereof for the time being in force.
22. “Audit Committee” means the committee of Board of Directors constituted in pursuance of Section 177 of the Act and Regulation 18 of Listing Regulations.
23. “Board” means the Board of Directors of the Company.
24. “Key Managerial Personnel” means the person(s) appointed as such in pursuance of Section 203 read with Section 2(51) of the Act.
25. “Company Secretary” means Company Secretary of the Company appointed under the Act.
26. “Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modifications or re-enactments thereof for the time being in force.

27. “Material Related Party Transaction” means a transaction or transactions to be entered with Related Party(s) 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 Act and Listing Regulations from time to time.

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 to be entered into, either individually or taken together with previous transactions during a financial year, exceeds 2% 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 Act and Listing Regulations from time to time.

28. “Related Party” means an entity which is a related party under Section 2(76) of the Act or Listing Regulations.

29. “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 Listing Regulations.

210. “Rules” means the Rules framed under the Act as amended from time to time.

211. “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.

212. “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. 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.

### **4. REVIEW AND APPROVAL PROCESS OF RELATED PARTY TRANSACTIONS**

4.1.1. All Related Party Transactions shall require prior approval of the Audit Committee in accordance with the provisions of the Act and the Listing Regulations for the time being in force before obtaining the approval of the Board of Directors and shareholders, if

applicable. It is clarified that any modification/renewal of an existing Related Party Transaction shall also require prior approval of Audit Committee.

4.1.2. The Audit Committee may grant omnibus approval to one or more 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 the Listing Regulations.

- 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.
- 4.1.3. 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.
- 4.1.4. 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 respective Related Party Transaction.
- 4.1.5. The Company can enter into a contract or arrangement with a related party, with the approval of the Board, if the transaction does not exceed the following limits or amount or such limits as may be prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 from

time to time:

- a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to 10% or more of the turnover of the company or Rs.100 crore, whichever is lower.
- b) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent amounting to 10% or more of the net worth of the Company Rs.100 crore, whichever is lower.
- c) Leasing of property of any kind amounting to 10% or more of the turnover of the company or Rs.100 crore, whichever is lower.
- d) Availing or rendering of any services, directly or through appointment of agent amounting to 10% or more of the turnover of the company or Rs.50 crore, whichever is lower.
- 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.
- f) Contract or arrangement in respect of remuneration for underwriting the subscription of any securities or derivatives thereof of the Company exceeding 1% of net worth of the Company.

4.1.6. Following related party transactions shall be approved by the shareholders of the Company through requisite resolution after obtaining the approval from Board of directors.

- a) Transaction exceeding the limits specified in clause 4.1.5 above
- b) Material related party transactions.
- c) Related Party Transaction which is not in the ordinary course of business or not at arm's length basis

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.

#### **4.2. Ratification of Related Party Transaction**

In circumstances of necessity or exigencies, a contract or arrangement can be entered into with a related party, without obtaining the consent of the Board or approval by shareholders in general meeting as the case may be, but in, such a case, the consent of the Board or approval of the shareholders shall be obtained within three months of the date on which the contract or arrangement.

## 5. **AMENDMENT**

The Board of Directors shall have the right to modify, amend or change any or all the clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /SEBI Regulations or otherwise. In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ SEBI Regulations, which is not in consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. The Policy will be available at the Company's website at [www.jaispring.com](http://www.jaispring.com).