



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 the limits specified in Schedule XII of the Listing Regulations.

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 5% 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, as defined 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.
213. “Material modification” will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

3. IDENTIFICATION OF RELATED PARTIES

On the basis of the disclosures received 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

A. Requirement of Audit Committee approval

- i. **Where Company is a Party:** - All Related Party Transactions and/or subsequent modification(s) therein shall require prior approval by the Audit Committee in accordance with this Policy and applicable provisions of Listing Regulations and Companies Act 2013 and Rules made thereunder, as amended from time to time, unless the approval is exempted pursuant to the provisions of applicable laws.

ii. Where Subsidiary of the Company is a Party: In case of a Related Party Transaction to which Company is not a party but subsidiary of the Company, prior approval of the Audit Committee will be required, where such Related Party Transaction exceeds ₹1 crore, whether entered into individually or cumulatively with previous transactions during a financial year and the value of the transaction exceeds the lower of the following thresholds,

- 10% of the annual standalone turnover of the subsidiary, as per its last audited financial statements; or
- The materiality threshold for Related Party Transactions of the Company, as prescribed under Schedule XII of the Listing Regulations.

Provided that where such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

- ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- the threshold for material related party transactions of the Company as specified in Schedule XII of the Listing Regulations.

Explanation: - The aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

iii. In circumstances of necessity or exigencies, a contract or arrangement or transaction can be entered into with a related party, without obtaining the prior approval of the audit committee, as may be required, but in, such a case, the consent of the members of the Audit Committee, who are Independent Directors shall be obtained for such contract or arrangement or transaction within three months of the date on which the contract or arrangement made or transaction entered into or in the immediate next meeting of the audit committee.

Provided that the consent of the Board or approval by shareholders in general meeting, as may be required, shall also be obtained for such contract or arrangement or transaction within three months of the date on which the contract or arrangement made or transaction entered into.

Provided further that ratification of such transaction by the audit committee or the Board or Shareholders as the case may be shall be subject to such monetary and other limits and conditions as may be prescribed from time to time.

iv. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary.

- v. The Audit Committee shall review status of long-term or recurring Related Party Transaction on an annual basis.

B. The Company may take omnibus approval from Audit Committee for RPTs of repetitive nature, in accordance with the compliance of the conditions contained in the Listing Regulations and Companies Act 2013 and Rules made thereunder, as amended from time to time.

- i. Such omnibus approvals may specify:
 - a) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - b) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - c) 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 their value not exceeding rupees one crore per transaction.
- ii. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval prior after the expiry of next year.

C. Board of Directors approval

- i. Related Party Transactions which require approval of the Audit Committee will also be approved by the Board.

D. Shareholders' approval

- i. Following related party transactions shall require prior approval by the shareholders of the Company through requisite resolution after obtaining the approval from Board of directors.
 - a) Transaction exceeding the limits specified in rule 15 of Companies (Meetings of Board of Directors and its Powers) Rules, 2014.
 - b) All material related party transactions and material modification thereof.

Provided that prior approval of Shareholders is not required under following transactions:

- i. Where related party transaction to which the listed subsidiary is a party but the Company is not a party.
- ii. Where resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- ii. Approval of Shareholders will also not be required for related party transactions falling under Para 5 of this policy.
 - iii. The period of validity of approval of the shareholders for omnibus of Related Party Transactions shall be as follows:
 - a) Omnibus Material Related Party Transactions approved at annual general meeting (“AGM”): valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time.
 - b) omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.
- E. The information in respect of a proposed Related Party Transaction along with complete details should be submitted by the concerned departments / divisions of the Company to the Company Secretary well in advance. 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.

5. EXEMPTED RELATED PARTY TRANSACTIONS:

The following related party transactions are exempted from the provisions of this policy:

- i. 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.
- ii. Transactions entered into between the wholly owned subsidiary of the Company, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- iii. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
- iv. Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of the Listing regulation.
- v. CSR Contribution & other charitable contribution as approved by CSR Committee.

- vi. Corporate actions which are uniformly applicable to everyone including related parties.
- vii. Corporate Restructuring such as merger, demergers, capital reductions etc.
- viii. Other transactions or arrangements exempted under the Act and/or Listing Regulations.

6. VOTING

All related parties shall abstain from voting on resolution, irrespective of whether the Related Party is related to a particular transaction or not, in the Board meeting, Audit Committee meeting and Shareholders meeting.

7. MISCELLANEOUS

The Company shall submit to the stock exchanges disclosures of related party transactions in the format specified from time to time, and publish the same on its website.

The policy shall be disclosed on the website of the Company i.e. www.jaispring.com. Any Executive Director may review the Policy from time to time, however any material changes in policy will take effect only after it got approval of the Board of Directors of the Company. If there is any inconsistency between the provisions of this Policy and the Act or Regulations, the provisions specified in the Act and Regulations would prevail and any amendment in the Act and Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy.