

# JAYASWAL NECO INDUSTRIES LIMITED

## RELATED PARTY TRANSACTION POLICY

### **1. Preamble**

The Board of Directors of Jayaswal Neco Industries Limited, has adopted the following policy and procedures with regard to Related Party Transactions. The objective of the policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

The Audit Committee / Board will review and if required, may modify this policy from time to time.

### **2. Purpose**

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 requires all listed companies to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

Hence this policy has been reviewed and updated for complying with above requirement.

### **3. Definitions**

**"Audit Committee"** means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**"Board"** means Board of Directors of the Company.

**"Key Managerial Personnel"** means key managerial personnel as defined under Section 2(51) under the Companies Act, 2013 and includes

- (i) CEO or Managing Director or Manager;
- (ii) Joint Managing Director
- (iii) Whole-time Director / Executive Director
- (iii) Chief Financial Officer; and
- (iv) Company Secretary

**"Material Related Party Transaction"** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

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(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity

**"Policy"** means Related Party Transaction Policy.

**"Related Party"** with reference to the Company means:

1. Such entity which is a related party under Section 2(76) of the Companies Act, 2013; or
2. Such entity which is a related party under applicable accounting Standards.

**"Related Party Transaction"** means any transaction involving transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

**"Relative"** means relative as defined under Section 2(77) of the Companies Act, 2013

#### **4. Policy**

All related party transactions shall require prior approval of the audit committee. Further, all Related Party Transactions shall be reported to the Audit Committee.

In the event any Related Party Transaction as defined under Section 188 of the Companies Act, 2013 is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of Section 188 of the Companies Act, 2013 and the Rules framed thereunder. Further, all Material Related Party Transactions shall require approval of the shareholders as prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

#### *4.1 Reporting, Review and approval of Related Party Transactions*

- (a) All Related Party Transactions or changes therein must be reported by the Chief Financial Officer (CFO) and Head of Accounts Department of the Company to the Company Secretary & Compliance Officer and referred for prior approval by the Audit Committee in accordance with this Policy.
- (b) All the transactions which are identified by the Audit Committee as related party transactions shall require prior approval of the Audit Committee before entering into such transaction. The Company Secretary shall place the details of all related party Transactions received from Accounts / Finance before the Audit Committee for its approval.
- (c) Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Exempted Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).
- (d) The Audit Committee may, in the interest of the conduct of affairs of the Company and after satisfying itself of the need therefor, grant omnibus approval for the related party transactions which are of the repetitive nature and shall take into account the following factors while considering such transactions for its approval: -
  - Name of the related party, nature of transaction, period of transaction, if any;
  - The maximum amount upto which the transaction can be entered into;

- The manner of determining the pricing to ascertain whether the same is on arm's length;
  - Such other factors as the Audit Committee may deem fit or specified in any rules and regulations.
- (e) The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant omnibus approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.
- (f) The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- (g) Any member of the Audit Committee who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.
- (h) If the Audit Committee determines that a related party transaction is (i) a Material related party transaction or (ii) not in the ordinary course of business or not at the arm's length price, the Committee shall place the matter before the Board for obtaining its approval.

#### *4.2 Approval of Related Party Transactions by the Board of Directors*

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews any such matter or it is mandatory under Section 188 of the Companies Act, 2013 for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

In case the Board approval is mandatory to a related party transaction under Section 188 of the Companies Act, 2013, the agenda for such transaction shall disclose all material particulars related to the transaction as specified in rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

#### *4.3 Approval of Related Party Transactions by the Shareholders*

In case Board refers a related party transaction for seeking approval of the shareholders as per the provisions of Section 188 of the Companies Act, 2013 read with the rules thereunder or as per the requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, the explanatory statement annexed to the notice of the general meeting convening the shareholders meeting shall disclose the particulars as required under rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

If any member of company is a related party as per this policy, such member of the company shall not vote on resolution passed for approving such related party transaction.

#### *4.4 Consequences- In case of failure to get approval to any Related party transactions*

If a Related Party Transaction requiring prior approval of the Audit Committee is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of such Transaction as per the applicable laws and regulations.

If a Related Party Transaction requiring approval of the Board or the shareholders by any statute or listing agreement is entered into by the Company without being approved under this Policy, the same shall be subject to ratification, revision or termination as per the provisions of the concerned statute and the rules made thereunder.

If a Related Party Transaction requiring approval of the Audit Committee is entered into without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

#### *4.5 Disclosure*

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all concerned employees and other concerned persons of the Company.

4.6 Disclaimer: This policy has been framed in accordance with requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.