

# 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 Requirements) 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
- (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board;

**"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 rupees one thousand crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

**"Material modification"** means and include any modification to an existing related party transaction having increase of 20% of the approved limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

**"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:

“Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

(i) of twenty per cent or more; or

(ii) of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;

shall be deemed to be a related party:"

**"Related Party Transaction"** means 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) 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, with effect from April 1, 2023;

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 Securities and Exchange Board of India (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:

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.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure

of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

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

#### **4. Policy**

All related party transactions and subsequent material modifications shall require prior approval of the audit committee. Further, all Related Party Transactions shall be reported to the Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transaction.

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 and subsequent material modifications 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 and subsequent material modifications other than those with Exempted Wholly Owned Subsidiaries and between two 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 (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 (including subsequent material modification) or if the Board in any case elects to review 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 or subsequent material modification 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 Requirements) 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 irrespective of whether the related party is a party to the particular transaction or not.

#### *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.

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 shall be disclosed as per the requirement of relevant laws, rules and regulations.
- The company shall disclose the policy on dealing with Related Party Transactions on its website.

4.6 Governing regulations: This policy has been framed in accordance with requirement of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Any further amendments to any Statutory Provisions or this Regulation shall be deemed to be incorporated in this policy and shall be complied accordingly.