

# **JNK INDIA LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

(Adopted by the Board on June 9, 2023)

## 1. REGULATORY FRAMEWORK

JNK India Limited (the “**Company**”) recognizes that Related Party Transactions (*as defined below*) may present potential or actual conflict of interest and may pose questions whether such transactions are in the best interests of the Company and its members or not. This policy regarding the review and approval of Related Party Transactions has been formulated in compliance with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), as amended from time to time, meant to lay down principles that will guide the transactions among related parties. The policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, approval and ratification as permitted. This policy (“**Policy**”) has been framed and adopted in accordance with the Listing Regulations and the relevant provisions of Companies Act, 2013 (“**Act**”) read with rules framed thereunder.

Regulation 23 of Listing Regulations requires the Company 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. In view of the above, the Company has framed this Policy on Related Party Transactions (*as defined below*).

## 2. OBJECTIVE OF THIS POLICY

The objective of this Policy is to ensure that the transactions of the Company with its related parties are undertaken on the basis of best practices and in accordance with the provisions of the Regulation 23 of Listing Regulations read with relevant provisions of Act. The Policy also sets out the process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

## 3. DEFINITIONS

3.1 “**Arms’ 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.

3.2 “**Audit Committee**” means Audit Committee of the Company as constituted Board.

3.3 “**Associate Company**” shall have the same meaning as defined under the Act.

3.4 “**Board of Directors**” or “**Board**” means the Board of Directors of the Company.

3.5 “**Key Managerial Personnel**” shall have the same meaning as defined under the Act.

3.6 “**Holding Company**” shall have the same meaning as defined under the Act.

3.7 “**Material Related Party Transaction**” means the transaction/transactions with a Related Party that has a value, individually or taken together with previous transactions during a financial year, exceeding Rs. 1000 crore or ten percent of the annual consolidated turnover of the Company as per the last recent annual audited financial statements of the Company, whichever is lower;

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 per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3.8 **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Act or rules made thereunder and under applicable accounting standards and under Regulation 2(1) (zb) of the Listing Regulations, as amended from time to time.

3.9 **“Related Party Transaction”** shall mean a transaction involving a transfer of resources, services or obligations between:

(i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or

(ii) the Company 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 Company 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.

3.10 **“Relative”** with reference to any person shall have the meaning as defined in Section 2(77) of the Act read with Rule 4 of Companies (Specification of Definition Details) Rules, 2014 and the amendments made thereunder from time to time.

3.11 **“Subsidiary Company”** or **“Subsidiary”** shall have the meaning as defined under the Act.

3.12 **“Transactions”** with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act or Rules made thereunder, Listing Regulations, applicable Accounting Standards or any other law or regulation applicable to the Company.

#### **4. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

4.1 All the Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other Companies, firms or concerns at the time of their appointment, at the beginning of every financial year and any change in such interest during the year. In addition, all the Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.

4.2 The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.3 Notice of any potential Related Party Transaction shall be provided well in advance to the Audit Committee so that it has adequate time to review the proposed Transaction.

4.4 The Compliance Officer shall maintain a database of Company's Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.

#### **5. APPROVAL OF RELATED PARTY TRANSACTIONS**

This Policy will operate within the framework of the Regulation 23 of the Listing Regulations read with the Act and Rules thereunder, as amended from time to time.

##### **5.1 Audit Committee Approval**

All Related Party Transactions and subsequent modifications shall require prior approval of the Audit Committee. The Board would approve such Related Party Transactions as are required to shall be approved by those members of the Audit Committee who are independent directors under the Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee. Where any director is interested in any Related Party Transaction, such director will not remain present at the meeting when such Related Party Transaction is considered.

The Related Party Transactions to which the Subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such Transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10 (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The Related Party Transactions to which the Subsidiary of the Company is a party, but the Company is not a party, shall require prior approval of the Audit Committee if the value of such Transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10 (ten) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Subsidiary.

However, the Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- c. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction; (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 their value not exceeding Rs. 1 (one) Crore per transaction;

- d. Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by it on a quarterly basis;
- e. Such omnibus approvals shall be valid for a period of one financial year from the date of the Audit Committee meeting where such approval is granted or such other lesser period as may be specified by the Audit Committee and shall require fresh approval after its expiry;
- f. Omnibus approval shall not be made for the following:
  - (i) transaction(s) in respect of selling or disposing off the undertaking of the Company;
  - (ii) transactions which are not at arm's length or not in the Ordinary Course of Business;
  - (iii) transactions which are not repetitive in nature (in past or in future);
  - (iv) transactions which require shareholders' approval; and
  - (v) Financial Transactions e.g. Loan to Related Parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the Related Parties, corporate guarantee given/received from Related Parties.

5.2 Each Material Related Party Transaction and subsequent modifications shall also require prior approval of the Board and shareholders of the Company, in accordance with the relevant provisions of the Listing Regulations, the Act and/or the Rules, as may be applicable.

5.3 If any Member of the Committee is interested in any contract or arrangement with a related party, such Member shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

#### **5.4 Information to be placed before the Committee for granting approval to Related Party Transaction:**

- Name of the Related Party and nature of relationship;
- Name of the director or Key Managerial Personnel who is related;
- Nature, material terms and monetary value of the contract or arrangement along with justification; and
- Any other information relevant or important for the members to take a decision on the proposed Related Party Transaction.

#### **5.5 Factors to be considered by the Committee while approving a Related Party Transaction:**

- Whether the terms of Related Party Transaction are fair and on arm's length basis?
- Whether the Related Party Transaction is in the ordinary course of business of the Company or Related Party?
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any?
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company; and
- Any other factors the Committee deems relevant.

#### **5.6 Approval of the Board of Directors**

5.6.1 All transactions specified under Section 188 of the Companies Act, which are not in the ordinary course of business and/ or not on arm's length basis, would mandatorily be required to be placed before the Board for its consideration and approval.

5.6.2 In addition to the above, the following kinds of transactions with Related Parties shall also be placed before the Board for its approval:

- a) Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the Ordinary Course of Business and/ or arm's length basis and decides to refer the same to the Board for its consideration and approval;#
- b) Transactions which are in the Ordinary Course of Business and at arm's length basis, but for which in the Audit Committee's view require Board's approval;
- c) Transactions meeting the materiality threshold laid down in this Policy which is intended to be placed before the Shareholders for approval;
- d) Transactions in respect of selling or disposing of the undertaking of the Company;
- e) Transactions which are not repetitive in nature.

5.6.3 If prior approval of Board or shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

## **5.7 Members' Approval**

5.7.1 Where members' approval is required on any Material Related Party Transactions, such approval will be obtained through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5.7.2 The explanatory statement to be annexed to the notice of a postal ballot or general meeting convened to consider the special resolution to approve a Related Party Transaction shall inter alia contain the following particulars:

- Name of the related party;
- Name of the director or key managerial personnel who is related, if any;
- Nature of relationship;
- Nature, material terms, monetary value and particulars of the contract or arrangement;
- Any other information relevant or important for the members to take a decision on the proposed resolution.

## **5.8 Certain Transaction not to require approval under this Policy**

5.8.1 The provisions of this Policy shall not be applicable to 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.

5.8.2 Any transaction(s) between two wholly owned subsidiaries of the Company whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval.

## **6. TRANSACTIONS COVERED UNDER OTHER PROVISIONS IN LAW / APPROVED BY SEPARATE COMMITTEES**

The transactions or arrangements which are specifically dealt under the separate provisions of the law and executed under separate approvals/procedures from relevant competent authority or Committee shall be deemed to be approved under this Policy. Few examples of such transactions are enumerated below:

- i. Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval, except any special benefit given to such person
- ii. Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval except any special benefit given to such person.

iii. Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders approval including ESOPs.

iv. Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, rights issues, stock split or bonus shares which is in line with Board approved plan.

v. Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.

vi. Investments/Loans/guarantee made/given by the Company.

vii. Borrowing made by the Company.

## **7. DISCLOSURE REQUIREMENTS**

7.1 This policy shall be uploaded on the website of the Company and a weblink thereto shall be provided in the Board's Report.

7.2 The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act, if any, with Related Parties, which are material or not in Ordinary Course of Business or arm's length basis along with the justification for entering into such transaction.

7.3 The Company shall submit disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

## **8. AMENDMENT**

8.1 Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by Securities and Exchange Board of India/Stock Exchanges, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s). Such amendments shall be brought to the attention of the Board of Directors.