

# **JYOTI STRUCTURES LIMITED**



## **POLICY ON RELATED PARTY TRANSACTION**

(as amended w.e.f February, 2024)

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## ***POLICY ON RELATED PARTY TRANSACTIONS***

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### **SCOPE AND PURPOSE OF THE POLICY**

Considering the requirements for approving related party transactions, as stipulated under the Companies Act, 2013, along with the rules framed thereunder and clause 49 of the Listing Agreement, JSL has formulated guidelines for identifying related parties and regulating the proper conduct and documentation of all related party transactions.

In light of the above, JSL has framed a policy on related party transactions. The Board of Directors, based on recommendations from the Audit Committee, has adopted this policy. The Audit Committee will review and amend the policy, as necessary, subject to the approval of the Board.

### **OBJECTIVE OF THE POLICY**

The objective of this policy is to establish:

- a. Materiality thresholds for related party transactions.
- b. Procedures for handling transactions between the Company and its related parties.

### **DEFINITIONS**

(a) **Act** refers to the Companies Act, 2013.

(b) **Arm's length transaction** refers to a transaction between two related parties, conducted as if they were unrelated, to avoid conflict of interest. While pricing is crucial, it may not be the only determinant of an arm's length transaction. Judgement needs to be applied considering factors such as:

- Conformance with the principles of the Transfer Pricing Guidelines of the Income Tax Act, 1961
- Adherence to the prevailing pricing policy, market prices, or prices similar to transactions with unrelated parties.
- Comparability with third-party quotations/bids.
- Alignment with cost-sharing agreements (if cost-sharing is based on benefits derived).
- Consistency with the valuation conducted by an external independent expert.

(c) Audit Committee refers to the Audit Committee of the Board of Directors of the Company.

(d) The Board refers to the Board of Directors of the Company.

(e) Ordinary course of business denotes normal, regular business activities carried out by the Company in line with its Memorandum and Articles of Association. While this term is not defined under the statute, the Company exercises judgement based on the following guiding principles:

- Similar transactions in the past.
- Transactions conducted at regular frequencies.
- Activities relating to mergers, demergers, and restructuring for organic and inorganic growth that are common for the industry or industries to which the Company belongs.

These guiding principles are not exhaustive, and the facts of each case will be examined before concluding the matter.

(f) *Related Party* refers to a party as defined in sub-section (76) of Section 2 of the Act and Regulation 2(zb) of SEBI LODR, including modifications or amendments.

(g) "*Related Party Transaction*" or "*RPT*" are transactions as outlined in clause (a)–(g) sub-section (1) of Section 188 and the rules related thereto, defined in Regulation 2(zc) of SEBI LODR, including modifications or amendments. These include the sale, purchase, leasing, or supply of goods or property, availing or rendering of any services, appointment of agents for any of the above, and underwriting of securities and transfer of resources, services, or obligations between the Company and its related parties, irrespective of whether a price is charged or not.

## **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

1. All Related Party Transactions and subsequent material modifications shall require prior approval of the audit committee of the Company in accordance with this policy.
2. All transactions specified under Section 188 of the Act, which are not in the ordinary course of business and not at arm's length, shall require approval from the Board and/or shareholders.

3. Any transaction, contract, or arrangement entered into by the Company with a related party, without obtaining the consent of the Board of Directors or approval of the shareholders by a special resolution of the General Meeting, can, in genuine cases, be ratified by the Board of Directors or the shareholders at a General Meeting, as permitted in the Act.
4. Approvals of the Audit Committee/Board of Directors/Shareholders under this policy shall not be applicable in the following cases:
  - a. Transaction with a wholly-owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval, if,
    - the transaction is in the Company's ordinary course of business and is on an arm's length basis; or
    - the transaction pertains to making an investment in or granting a loan or issuing of guarantee on behalf of such wholly-owned subsidiary.
  - b. Any transaction that involves providing compensation to a director in connection with his or her duties to the Company.
  - c. Any transaction in which the related party's interest arises solely from ownership of securities issued by the Company, and all holders of such securities receive the same benefits pro rata as the Related Party.
5. Every transaction, contract or arrangement entered into with related parties shall be:
  - a. referred to in the report of the Board of Directors to the shareholders along with the justification for entering into such a transaction, contract or arrangement.
  - b. disclosed to the stock exchanges quarterly along with a compliance report on Corporate Governance.