

JAYSHREE NIRMAN LIMITED

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CIN: L45202WB1992PLC054157

RELATED PARTY TRANSACTIONS POLICY

1. INTRODUCTION & OBJECTIVE OF THE POLICY

Jayshree Nirman Limited ("Company") is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India ("SEBI"). SEBI has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. Accordingly, the Board of Directors of the Company has adopted the following policy and procedure with regard to Related Party Transactions. Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 provides the detailed mechanism for dealing with Related Party Transaction's ("RPT's") of a Company. Further, it provides for certain compliance requirements such as Board approval and Shareholder's approval in specific circumstances. In addition, Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 provides for approval of the Audit Committee for RPT's.

In view of the notification issued by the Securities Exchange Board of India, the amendment to this Policy has been adopted by the Board of Directors of the Company based on the recommendations of the Audit Committee. This Policy is further amended to incorporate the amendments in SEBI (Listing Obligations and Disclosure Requirements) 2015, issued and notified by SEBI on 12.12.2024, which was recommended by Audit Committee in its meeting held on 13/02/2025 and approved by Board.

The Audit Committee shall review the same from time to time and propose the amendment required in the policy to the Board of Directors.

The Company believes that any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures/ or permissions are made/ sought as required by law and applicable policies of the Company. As such, this policy provides a framework to regulate transactions between the Company and its related parties and also lays down mechanism for identification, approval, review and reporting of such transactions. This policy is revised version of the Related Party Transaction Policy adopted by the Company from time to time.

2. DEFINITIONS

"Act" means The Companies Act, 2013

"Audit Committee" means Committee of Board of Directors of the Company constituted under provisions of LODR and the Act.

"Arm's length Transactions" means a transaction between two Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.

"Board" means Board of Directors of the Company.

"Control" Control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“Key Managerial Personnel” shall include Chief Executive officer and/or the Managing Director Company Secretary and Chief Financial Officer or 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.

“LODR/Listing Regulations” means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“Material Related Party Transaction” shall mean the following transactions with a Related Party:

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1000 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.

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.

The above financial thresholds are subject to any amendments made in the Listing Regulations from time to time, in which case the above thresholds shall deem to refer to such amended threshold(s).

“Material Modification” Any modification(s), alteration(s) and/or change(s) to the terms and conditions governing a transaction:

- (a) 10% of the financial consideration; or
- (b) Changes to the payment terms resulting in deferment of payment of consideration for more than 3 months; or
- (c) having financial implication of more than Rs.10 Crores shall be considered as material modification.

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum & Articles of Association. It also includes all such activities which the Company shall undertake in furtherance of the objects as stated in Memorandum of Association of the Company.

“Relative” means relative as defined under the Companies Act, 2013, and Rules prescribed thereunder as amended from time to time.

“Related Party” means a related party as defined under Section 2 of the Companies Act, 2013 and/or under the applicable Accounting Standards, as amended from time to time.

“Related Party Transaction” (“RPT”) shall mean such transactions as specified under Section 188 of the Companies Act, 2013 or Rules made thereunder.

“Significant Related Party Transaction” A transaction shall be considered material if it exceeds the following limits:

- Sale, purchase or supply of any goods or materials (> 10% of Annual Turnover*)
- Selling or otherwise disposing of, or buying, property of any kind (> 10% of Net Worth*)
- Leasing of property of any kind (> 10% of Turnover or Net Worth)
- Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company (monthly remuneration > Rs. 2.5 Lakh)
- Availing or rendering of any services (> 10% of Net Worth)
- Underwriting the subscription of any securities or derivatives thereof, of the company (>1% of Net Worth)

* Turnover or Net worth criteria shall be on the basis of the audited standalone financial statements of the preceding financial year.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the LODR or any other applicable law or regulation.

Company Secretary will prepare the list of Related Parties and in consultation with Finance & Accounts team shall provide the list of the Related Parties together with transaction value on quarterly basis to the Audit Committee/Board, as the case may be.

3. APPLICABILITY

This Policy shall be applicable to all Related Party Transactions (as defined above) entered by the Company except to the extent are exempt in the definition of Related Party Transaction under SEBI (LODR) Regulations, 2015, as amended from time to time. All Related Party Transactions are to be done strictly as per the procedures, processes and methodologies prescribed in this policy and this policy shall invariably be applicable to the Company and all transactions with its related parties.

However, the provisions given under LODR / SEBI circulars, as mentioned in this policy shall be applicable only to the Company.

a) Identification of Related Party

The Company Secretary shall identify all Related Parties for the Company on the basis of disclosures received at the beginning of a financial year or any changes thereto during the financial year, from the Directors and Key Managerial Personnel. Based on above and where applicable, based on other information, the management shall prepare and present before the Audit Committee a list of Related Parties. This list will be updated on an ongoing basis to reflect changes, if any.

Further, the Secretarial Department shall on an ongoing basis review the definition of related party under the Act as well as under LODR and inform the list of related parties to the Audit Committee on annual basis and as and when there are significant changes from the last disclosure

The Company prefers to receive such notice of any potential related party transaction well in advance so that Audit Committee has adequate time to obtain and review information about the proposed transaction.

b) Generally related party transactions will be done only at Arm's length in terms of prices/terms and conditions and in the normal course of business. In case where a transaction is done without monetary consideration, then the arm's length price shall be the price, if the transaction should have been transacted at a price, had it not been done without monetary consideration.

c) Arm's length price comparable to be established for every transaction by any one of the following methods:

- (i) Comparison with similar transactions with third parties
- (ii) Having three (3) quotations
- (iii) Establishing comparable prices/terms using reputed data bases or indices.
- (iv) Transfer pricing analysis determined by a third-party agency
- (v) Any price determined by any Regulator
- (vi) Third party valuation report to be obtained to establish the Arm's Length Price.

d) For every related party transaction or modification(s) thereof, necessary approvals shall be obtained from the Audit Committee/Board/Shareholders, as the case may be.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

Prior to entering into any RPT whatsoever, the management shall refer the latest Related Party List circulated by the Secretarial Team to access whether the party to whom the transaction is proposed to be entered is Related Party.

If the party is a related party, then the management would need to ensure that the RPT is being entered in accordance with the framework for RPT or seek a prior approval of the Audit Committee for undertaking such RPT.

(a) Audit Committee Approval

- All Related Party Transactions and their subsequent material modifications shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation or any other manner as provided by the Companies Act, 2013 along with Rules made thereunder, or by Secretarial Standards. In case any member of the Committee is interested in the transaction proposed for approval, the interested member shall abstain from voting and only the dis-interested members shall vote on the resolution. A Related Party Transaction which is

- (i) not in the ordinary course of business, and / or
- (ii) not at arm's length price

Would require approval of the Board or of shareholders as discussed subsequently

Omnibus Approval

The Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and its subsidiary and such approval shall be in respect of transactions which are repetitive in nature and subject to the following specifications:

i) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

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 rupees one crore per transaction.

Thereafter, the Audit Committee, shall review atleast on a quarterly basis, the details of RTPs entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.

The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.

Budgetary approval(s) will be obtained for proposed related transactions from the Audit Committee/Board/Shareholders, as the case may be, showing the name of related parties, nature of transactions, maximum amount of transaction in a year, indicative base price /current contracted price and the formula for variation in the price, if any and amount for full year as per Annual Business plan for the year, and where the transaction exceeds the budgetary approval, supplementary approval shall be taken from the respective authority(s) before entering into the transaction. (Format for approval given in **Annexure-I**)

Quarterly statement showing details of transactions as above and vetted by Internal Auditor will be submitted to Audit committee.

Process of Ratification of Related Party Transaction by Audit Committee:

The members of the Audit Committee who are independent directors may ratify the related party transaction within three months from the date of the transaction or in the immediate next meeting of the Audit Committee whichever is earlier, subject to following conditions:

i) The value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore.

ii) The transaction is not material within the meaning of this Policy.

iii) Rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification.

iv) The details of ratification shall be disclosed along with the disclosures of related party transactions to the Stock Exchange along with publication of results.

(b) Approval of Board of Directors

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being i) not in the ordinary course of business, and / or ii) not at an arm's length

price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction.

On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. 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.

(c) APPROVAL OF SHAREHOLDERS

If a Related Party Transaction is;

- i) a Material Related Party transaction as per Regulation 23 of the Listing Regulations, or
- ii) not in the ordinary course of business, or not at arm's length price and exceeds thresholds as defined in this policy as Significant Related Party transaction in terms of Section 188(1) read with Rules.

it requires approval of the shareholders of the Company.

However, prior approval of the shareholders shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

The requirement of shareholders' approval shall also not be applicable for transactions in respect of which such relaxations/exemptions are provided in the Act and/or the Listing Regulations.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event, the Company becomes aware of a Related Party Transaction requiring approval, has not been approved, the transaction shall be placed as promptly as practicable before the Audit Committee for review and ratification.

In case the Audit Committee does not deem fit to ratify a Related Party Transaction or that has commenced without approval as stated above, the Audit Committee, may direct additional actions including, but not limited to, immediate discontinuation of the transaction or render such transaction as void or such other directions as it may deem appropriate. If the transaction is with a related party to any director or is authorised by any other director, the director concerned shall indemnify the Company against any loss incurred by it. The Audit Committee also has the authority to modify or waive any procedural requirement of the Related Party Transaction to suit the provision of this policy.

The Audit Committee or the Board of Directors or the Shareholders, as the case may be, shall consider all relevant facts and circumstances of such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision or termination of such transaction and the Company shall take such actions as the Audit Committee deems appropriate under the circumstances.

6. DISCLOSURES & REPORTING

- Particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013 and Related Party Transactions, as per terms of the policy, if any, requiring mandatorily approval of the Board, shall be disclosed in the Director's Report in the prescribed format along with justification for entering into such contracts or arrangements.

- Details of all Material RPT shall be disclosed in the Corporate Governance report on a quarterly basis and submitted to Stock Exchange.
- The Company shall disclose the policy on dealing with RPT on its website and a web link thereto shall be provided in the Annual Report of the Company as prescribed in Schedule V of the SEBI (LODR) Regulations, 2015.
- The Company shall disclose materially significant RPT, which might have potential conflict with interest of the Company in the Annual Report.
- The Company shall make such other disclosures as may be required in compliance with the accounting standards on RPT.
- The Company shall keep one or more registers, maintained physically or electronically as specified under Companies Act, 2013 giving separately the particulars of all contracts or arrangements with any related party and shall make the same available for inspection in accordance with the Companies Act, 2013.

7. REVIEW AND AMENDMENT OF THE POLICY

In the event of any conflict between this Policy and the LODR / Act or any statutory enactments, rules, the provisions of such LODR/ Act or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy. The Board of Directors on recommendation of the Audit Committee shall review the policy atleast once in every three years. However, the Board of Directors reserves its right to amend or modify the policy in whole or in part, at any time without assigning any reason whatsoever.
