

**POLICY ON**  
**RELATED PARTY TRANSACTIONS**  
**(w.e.f. 1<sup>st</sup> April, 2022)**

## RELATED PARTY TRANSACTIONS

### 1. INTRODUCTION

Jyoti Limited (the 'Company') recognizes that certain relationships of the Company can present potential or actual conflicts of interest and may raise questions about whether transactions associated with such relationships are consistent with the Company's and its stakeholders' best interests. This Policy is framed to ensure due and proper compliance with the applicable statutory provisions and to fortify that proper procedure is defined and followed for approval / ratification and reporting of transactions, if any, as applicable, between the Company and any of its Related Parties. The provisions of this Policy are designed to govern the transparency of approval process and disclosures requirements to accord fairness in the treatment of related party transactions.

The Audit Committee and the Board of Directors of Jyoti Limited to set forth the procedures by which transactions with Related Parties shall be reviewed for approval. The Policy is intended to ensure proper approval, disclosure and reporting of transactions between Jyoti Limited and its Related Parties. Any Related Party Transaction may be entered into by the Company in accordance with the provisions of this Policy.

### 2. APPLICABILITY

This policy is framed as per the requirements of Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("**Listing Regulations**" or "**SEBI LODR**") and in terms of Section 188 of the Companies Act, 2013 ("**the Act**") read with Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

### 3. DEFINITIONS

**"Act"** shall mean the Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.

**"Arms Length Basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arms Lengths Basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

**"Associate Company"** means any other company, in which the Company has a significant influence but which is not a Subsidiary Company of the Company having such influence and includes a Joint Venture Company.

*Explanation - (a) the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement;*

*(b) the expression "joint venture" means a joint arrangement whereby the parties that have*

*joint control of the arrangement have rights to the net assets of the arrangement.*

**“Audit Committee or Committee”** means a Committee of Board of Directors of the Company constituted under provisions of Section 177 of Act and as per Regulation 18 of the Listing Regulations.

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

**“Company”** means Jyoti Limited.

**“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**“Key Managerial Personnel”** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

**“Material Modifications in Related Party”** in relation to any transaction shall mean modification of such transaction resulting in change of more than 20% of the total monetary value of such transaction as last approved.

**“Policy”** means Related Party Transaction Policy of the Company.

**“Related Party”** means person or an entity:

- I. which is a related party under section 2(76) of the Companies Act, 2013 or
- II. which is a related party under the applicable accounting standards
- III. which is a related party under SEBI (LODR) Regulations:
  - 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 immediate preceding financial year.

Related Party under section 2(76) of the Companies Act, 2013 and the Rules made there under are as follows:

- I. a director or his relative;
- II. a key managerial personnel or his relative;
- III. a firm, in which a director, manager or his relative is a partner;
- IV. a private company in which a director or manager, is a member or director
- V. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- VI. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- VII. any person on whose advice, directions or instructions a director or manager is accustomed to act;

- Provided that nothing in (VI) and (VII) above shall apply to the advice, directions or instructions given in a professional capacity;
- VIII. any company which is-
- a) a holding, subsidiary or an associate company of such company; or
  - b) a subsidiary of a holding company to which it is also a subsidiary;
  - c) an investing Company or a venture of the Company;
- IX. a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.
- X. such other persons as may be prescribed.

**“Related Party Transaction”** means transactions involving transfer of resources, service or obligations between:

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

(ii) Company 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, **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 SEBI (ICDR) 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. sub-division 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.”*

**“Relatives”**

I. As per Companies Act, 2013

Relative, with reference to any person, means anyone who is related to another. if—

I. they are members of a Hindu Undivided Family;

II. they are husband and wife; or

III. one person is related to the other person as -

a) Father (including step-father)

b) Mother (including step- mother)

- c) Son including step-son)
- d) Son's wife
- e) Daughter
- f) Daughter's husband
- g) Brother (including step-brother)
- h) Sister (including step- sister)

**“Transactions in ordinary course of business”** means transactions or contracts or arrangements or activities that are connected to or necessary for the business of the Company and satisfy the following principles:

- (i) permitted under the Memorandum and the Articles of Association of the Company;
- (ii) carried on a frequent or regular basis or are usual in nature or are as per the customs or industry practice; and
- (iii) the terms of which are similar to those which would be otherwise applicable to transactions with unrelated parties.

Any other terms and expressions used but not defined herein, shall have the same meaning as defined in the Act, the Listing Regulations and / or the rules and regulations made thereunder.

#### **4. POLICY**

All Related Party Transactions must have prior approval of the Audit Committee in accordance with this Policy. All material Related Party Transactions should be approved by the shareholders of the Company.

##### **5.1. Identification of potential Related Party Transactions of Jyoti Group Companies:**

- (i) All the companies in Jyoti Group will be considered as Related Parties.
- (ii) Key Managerial Personnel and connected Related Parties.

Each Director and Key Managerial Personnel shall disclose the details of related parties to the Company Secretary of the Company. The Board shall record the disclosure of interest. The Company will identify the potential transactions with the Related Parties, from time to time.

##### **5.2. Review and approval of Related Party Transactions**

###### **Audit Committee:**

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolutions by circulation. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to compliance of the conditions contained in Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 and Regulation 23 of Listing Regulations. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

Members of the audit committee, who are independent directors, shall only approve related party transactions.

To review a Related Party Transaction, the Committee shall be provided with the necessary information,

to the extent relevant, with respect to actual or potential Related Party Transactions and/or prescribed under the Companies Act, 2013 and Rules thereunder, and the Listing Regulations with the Stock Exchanges.

**Board:**

If the Committee requires that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and 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, provided that only Independent Directors shall vote to approve such transaction.

**Shareholders:**

All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the shareholders 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.

Further, all related party transactions which are not in the ordinary course of business or not at the arm’s length price and are exceeding threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.

**5. MATERIAL RELATED PARTY TRANSACTIONS**

A transaction with a Related Party shall be considered material if:

Category of Transactions	Materiality Thresholds under the Act	Materiality Thresholds under the Listing Regulations
Sale, purchase or supply of any goods or materials	10% or more of turnover of the Company	If the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees 1,000 Crore or 10 % of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
Selling or otherwise disposing of, or buying, property of any kind	10% or more of net worth of the Company	
Leasing of property of any kind	10% or more of turnover of the Company	
Availing or rendering of any services	10% or more of turnover of the Company	
Related Party's appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs.2.5 Lakh	
Underwriting the subscription of any securities or derivatives	1% of net worth	

thereof, of the company		
a transaction involving payments made to a related party with respect to brand usage or royalty	5% of the annual consolidated turnover of the listed entity as per the last audited financial statements	
Any other 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 1,000 Crore or 10 % of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.	

## 6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction and subsequent material modification, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

## 7. DISCLOSURES

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report;
- The Company Shall submit within 15 days from the date of publication of its standalone financial results for the half year, 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;

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results **with effect from 1<sup>st</sup> April, 2023**

- The Company shall disclose policy on dealing with Related Party Transactions on its website and provide its web-link/website in the Annual Report.

## 8. GENERAL PRINCIPLES

- It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders in Related Party Transactions.
- The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions and assure themselves that the same are in the interest of the Company.
- The Audit Committee shall have the following powers with respect to Related Party Transactions:

- To seek information from any employee.
  - To obtain outside legal or other professional advice.
  - To secure attendance of outsiders with relevant expertise, if it considers necessary
  - To investigate any Related Party Transaction.
- The Company Secretary of the Company is authorised to issue necessary guidelines / instructions for implementation of this Policy.

**9. AMENDMENTS IN LAW**

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. A note in relation to such changes shall be placed in subsequent meeting of the Board and the Audit Committee.