



JASH ENGINEERING LIMITED

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

POLICY ON MATERIALITY OF AND DEALING WITH RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Board of Directors (the “Board”) of Jash Engineering Limited (the “Company”) has adopted this Policy on materiality of and dealing with Related party transactions (the “Policy”) upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions in compliance of the provisions of Section 188 of the Companies Act, 2013 and SEBI LODR of the Listing Agreement with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company.

2. DEFINITIONS

“**Act**” means the Companies Act, 2013.

“**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“**Associate Company**”, in relation to another Company, means a Company in which that other Company has a significant influence, but which is not a subsidiary Company of the Company having such influence and includes a joint venture Company.

“**Audit Committee**” or “**Committee**” means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law including the Listing Agreement and the Companies Act, 2013.

“**Board**” means the Board of Directors of Jash Engineering Limited.

“**Company**” means Jash Engineering Limited

“**Joint Venture**” means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“**Material Related Party Transaction**” means 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 the thresholds specified in Schedule XII of the SEBI LODR 2015 as given and / or as may be amended from time to time by SEBI or such limits as may be prescribed either in the Companies Act, 2013 or the SEBI LODR 2015 or by the Audit Committee or by the Board from time to time.

Provided that in case of any amendment to the Act or Listing Regulations, the definition of Material Related Party Transactions will be deemed to be changed without any further approval of the Audit Committee or Board. A transaction involving payment made to a related party with respect to brand usage or royalty, exceeding 5% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.

“Material Modifications” shall mean triggering of any of the following conditions whether individually or in aggregate:

- a) Change in overall transaction value of Related Party Transaction beyond 10% or
- b) As may be decided by the Audit Committee on case to case basis

“Policy” means the policy on materiality of and dealing with Related party transactions, as amended from time to time.

“Related Party” means a related party as defined under the Companies Act, 2013 or Rules made there under and SEBI LODR as amended from time to time.

“Related Party transactions” means such transactions as specified under Section 188 of the Companies Act, 2013 or the Rules made there under and Clause of SEBI LODR including any amendment or modification thereof, as may be applicable.

“Relatives” means relative as defined in the Companies Act, 2013, and rules prescribed thereunder

“Materiality Thresholds” All contracts or arrangements with Related Parties as outlined under Section 188, other than those entered into on an arm’s length basis or in the ordinary course of business shall require the approval of the shareholders of the Company by way of a resolution, as prescribed in the Companies Act if the conditions and thresholds prescribed in the Companies Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, are satisfied.

3. APPROVALS RELATED TO RELATED PARTY TRANSACTIONS

3.1 Audit Committee

- a. Related Party Transactions and subsequent modifications thereto shall require prior approval of the Audit Committee of the Company.
- b. Related Party Transactions to which 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 the transaction (individually or taken together with previous transactions during a financial year) exceeds the lower of the following:
 - (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
 - (ii) the threshold for material related party transactions of listed entity as specified Schedule XII of the SEBI LODR 2015.

Note: If subsidiary does not have audited financial statements for a period of at least one year then ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary will be considered in place of turnover of the subsidiary.

c. The Audit Committee shall while considering any Related Party Transaction be provided with all material facts, all relevant material information, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters, as may be required for taking an informed decision. The Audit Committee while considering any Related Party Transaction can:

- i. approve the Related Party Transaction; or
- ii. approve the Related Party Transaction on omnibus basis
- iii. where it is not able to approve or reject, forward its recommendation to the Board, or
- iv. disapprove the Related Party Transaction and in such case, record the reasons for such rejection.

d. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- i. The Audit Committee shall lay down the criteria that shall be considered for granting omnibus approval to Related Party Transactions and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company.
- iii. While granting omnibus approval, the Audit Committee shall specify (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 Rs.1 crore per transaction.

e. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

g. Where the Audit Committee is not approving or rejecting any Related Party Transaction, the Committee can also decide to put up such transaction before the Board and the Board shall consider the same accordingly.

h. Where with respect to any transaction which is proposed to be entered into with any related party, it is not clear whether such transaction will be treated as a related party, the Company may take assistance of outside counsel.

i. Only those members of the Audit Committee who are Independent Directors shall approve any Related Party Transaction. Any member of the Committee who has a potential

interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the said transaction.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

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.

4.2 BOARD

Following Related Party Transactions shall require the approval of Board:

- i. Where the transaction is not in ordinary course of business and/ or not at arm's length as specified in Section 188(1) of the Act, such Related Party Transaction shall require approval of the Board at their meeting as required under the Act or rules made thereunder and statutory modification or enactment thereof.
- ii. Transactions other than those mentioned in (i) and/or subsequent material modifications, which are referred by the Audit Committee, shall be placed for consideration for approval of the Board.
- iii. Material Related Party Transactions

4.3 SHAREHOLDERS

If a Related Party Transaction is (i) all material related party transactions and subsequent material modifications as defined by the audit committee under sub regulation (2) of Regulation 23 of the Listing Regulations, and/or (ii) not in the ordinary course of business, and/ or not at arm's length price and exceeds certain thresholds prescribed under the Act, it shall require shareholders' approval by a resolution and no related party shall vote to approve no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not, the explanatory statement to be annexed to the notice of general meeting convened shall contain such particulars namely 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 arrangements and any other information relevant or important for the members to take a decision on the proposed resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.

The provisions of regulation 23(2), (3) and (4) of Listing Regulations and Section 188 of the Act shall not be applicable in case of :

- i. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;

- ii. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

To determine the need of a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and such other information as required under the SEBI (LODR) Regulations, 2015 and the Act. In determining whether to approve a Related Party Transaction, the Board/Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

1. Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
2. 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;
3. Whether the Related Party Transaction would affect the independence of an independent director;
4. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
5. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
6. Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law 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.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board or Shareholders:

- a. transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- b. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

d. Such other transactions as specified may be specified by as may be specified by SEBI (LODR) Regulations, 2015 and/or the Act from time to time

An indicative list of the information to be placed before the Audit Committee, Board and the shareholders, as the case may be, for consideration of RPT is given below and will include/exclude such other information as may be prescribed by the SEBI (LODR) Regulations, 2015 and/or the Act as may be amended from time to time.

A. Information to Audit Committee:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
 - details of the source of funds in connection with the proposed transaction;
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds and tenure;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

B. The agenda of the Board meeting at which the resolution related to Related Party Transaction is proposed to be moved shall disclose:

- a. name of the Related Party and nature of relationship;
- b. nature, duration and particulars of the contract or arrangement;

- c. material terms of the contract or arrangement including the value, if any
- d. any advance paid or received for the contract or arrangement, if any; the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- e. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- f. any other information relevant or important for the Board to take a decision on the proposed transaction.

C. Information to be provided to shareholders:

- a. Name of the related party, name of the director or key managerial personnel who is related, if any; nature of relationship;
- b. Nature, material terms, monetary value and particulars of the contract or arrangement; (e) any
- c. A summary of the information provided by the management of the Company to the audit committee
- d. Justification for why the proposed transaction is in the interest of the Company;
- e. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the below details to be provided;
 - details of the source of funds in connection with the proposed transaction;
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, nature of indebtedness;
 - cost of funds; and
 - tenure;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- f. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- g. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- h. Any other information that may be relevant.

6. Omnibus Approval

The Audit Committee may grant an Omnibus Approval for Related party transactions proposed to be entered into by the Company or its Subsidiary after considering the disclosure made based on the identified transactions and subject to the following Criteria/Conditions:

1) The approval is being sought in respect of Related Party Transactions which are repetitive in nature;

2) The Committee is satisfied that such related party transactions after following through the approval procedure as mentioned above and it would be in the interest of the Company / its Subsidiary to grant such Omnibus approval considering all the factors relevant from time to time;

3) In granting such Omnibus approval, the Committee would specify the following for such approval: a) Name of the Related Party/Parties for whom approval is granted; b) Nature of transaction; c) Period for which transaction is approved; d) Maximum amount of transaction(s) for which such approved is granted for the period; e) the indicative base price / current contracted price and the formula for variation in the price if any; and (f) such other conditions as the audit committee may deem fit.

4) Where the Committee cannot foresee such Related Party Transactions or which could not be identified or foreseen by the Company / its Subsidiary at the time of approval, the Committee may still grant approval subject to the condition that value of such transactions does not exceed rupees one crore (INR 1 Crore) per transaction and the details of such transactions so approved is duly placed before the Committee subsequently;

5) The Omnibus approval granted by the Shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time: Provided further that in case of omnibus approvals for material related party transactions, granted by Shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed One (1) year from the date of such approval.;

6) The Committee may also grant fresh approval after the expiry of one (1) year after reviewing the transactions and if meets the criteria and as per the law in force from time to time;

7) The Committee would review the details of the related party transactions entered into by the listed entity or its subsidiary on a quarterly basis pursuant to the grant of each Omnibus approval;

8) The Committee shall also review the status of long-term (more than One (1) year) or recurring RPTs on an annual basis.

7. Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of the Audit Committee and or Members:

a. A Transaction entered into with the wholly owned subsidiary of the Company whose accounts are Consolidated with the Company and placed before the Members of the Company at the General meeting for approval;

b. Any transaction that involves the providing of compensation/remuneration/sitting fees to Directors, Key Management Personnel and Senior Management Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates including any reimbursement in the form of reasonable business and travel expenses incurred in the ordinary course of business, except who are part of promoter or promoter group, provided that the same is not material;

c. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and where all the holders of such securities receive the same benefits pro rata as the related party;

d. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the Members at the general meeting for approval;

e. Any transaction by the Company with its employees pursuant to their employment terms and conditions;

f. Such other transactions as may be exempted under applicable laws;

g. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

Explanation: For the removal of doubts, it is clarified that the term 'holding company' used in clause (b) above refers to and shall be deemed to have always referred to a listed holding Company.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

Subject to the provisions of the Act and the SEBI (LODR) Regulations, 2015, in the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee/Board. The Audit Committee/Board shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee/Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee/Board under this Policy and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may recommend the same for approval of Board and/or direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

If any Related Party Transaction is entered without obtaining the consent of the Board or Shareholders, as the case may be, the same is required to be ratified by the members of the audit committee, who are independent directors, as the case may be, within three months from the date on which such transaction was entered into or in the immediate next meeting of the audit committee, whichever is earlier, subject to the 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 rupees one crore;
- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (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 in terms of the provisions of sub-regulation (9) of this regulation;
- (v) any other condition as specified by the audit committee:

The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to it under this Policy and shall take any such action it deems appropriate.

If the Related Party Transaction is not ratified by Board or Shareholders as mentioned above, such transaction shall be voidable at the option of the Board or Shareholders, as the case may be, and if the Related Party Transaction is with a party related to any director, the director concerned shall indemnify the Company against any loss incurred by it.

7. Disclosure of Related Party Transactions

- a. Every material Related Party Transaction or Related Party Transaction which are not on arm's length basis, entered during the financial year into shall be disclosed to in the Board's report to the shareholders in such manner as may be prescribed under the relevant laws.
- b. Adequate disclosure of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- c. Details of Related Party Transactions shall be submitted to the stock exchanges in the format and in accordance with the timelines, as specified by SEBI from time to time. A copy of such disclosure shall be posted on the website of the Company.
- d. The particulars of Related Party Transactions should be entered in the register(s) maintained under the Companies Act, 2013, wherever applicable.

8. Disclosure of Policy

This Policy shall be disclosed on the website of the Company and its weblink shall be provided in the Annual Report.

9. Review and amendment of the Policy

The Board of Directors shall, upon the recommendation of the Audit Committee, assess the adequacy of this Policy at least once every three years, and make any necessary or desirable amendments to ensure it remains consistent with the Board's objectives, laws applicable and the best practices from time to time.

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.
