



# JAYANT AGRO-ORGANICS LIMITED

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## Related Party Transaction Policy

The Board of the Company, vide its resolution dated, has approved and adopted the following related party transaction policy (“**Policy**”) to regulate the decision making and the approval process for the related party transaction or proposed to be undertaken by the company. This Policy has been formulated pursuant to Clause 49 of the Listing Agreement and Companies Act 2013.

1. **Effective date:** This policy come into force on 1<sup>st</sup> October, 2014

2. **Definitions:**

“**Audit Committee**” shall mean the audit committee of the Company as constituted in accordance with the provisions of the Companies Act and the Listing Agreement.

“**Authorised Employees**” shall have the meaning assigned in Clause 4.2 of this Policy.

“**Board**” or “**Board of Directors**” shall mean the board of directors of the Company as constituted from time to time.

“**Company**” shall mean Jayant Agro-Organics Limited

“**Companies Act**” shall mean the Companies Act 2013 as amended, modified or supplemented from time to time, read with the relevant rules, regulations and notifications as may be applicable.

“**Directors**” shall mean the executive, non-executive or independent directors appointed on the Board of the Company, from time to time.

“**Key Managerial Personnel**” shall mean the following personnel of the Company: (a) Chief Executive Officer or the Managing Director or the Manager (b) Company Secretary (c) Whole-time Director, (d) Chief Financial Officer, and (e) such other officer as may be prescribed in the Companies Act.

“**Listing Agreement**” shall mean the agreement entered into by the Company with the stock exchange on which its shares are listed, containing such terms and conditions that are to be complies with for the continuous listing of its shares on the stock exchange, as may be modified or amended from time to time pursuant to the provisions of the Securities Contract Regulation Act 1957 as amended from time time.

“**Manager**” shall mean any person who, subject to the superintendence, control and direction of the Board, has the management of the whole, or substantially the whole, of the affairs of the company, and includes a Director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not.

“**Office or Place of Profit**” means

(a) with respect to a Director, any office or place where the Director holding it receives from the Company anything by way of remuneration over and above the



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remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

- (b) With respect to any individual, firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

**“Policy”** shall mean the related party transaction policy of the Company as provided herein.

**“Relative”** with reference to any individual, shall mean any individual who is related to the other individual as:

- (a) They are, members of a Hindu undivided family;
- (b) They are husband and wife;
- (c) Father (including step-father);
- (d) Mother (including step-mother);
- (e) Son (including step-son);
- (f) Son’s wife;
- (g) Daughter;
- (h) Daughter’s husband;
- (i) Brother(including step-brother); or
- (j) Sister (including step-sister).

**“Related Party”** with reference to the company shall mean;

- (a) A Director or his Relative;
- (b) A key Managerial Personnel or his Relative;
- (c) A firm, in which a Director, Manager or his Relative is a partner;
- (d) A private company in which a Director or Manager or his relative is a member or director;
- (e) a public company in which a Director or Manager is a director and holds along with his relatives more than 2% (two percent) of its paid up share capital of such public company;



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- (f) A 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 (unless such advice, directions or instructions are given in a professional capacity);
- (g) Any person, on whose advice, directions or instructions a Director or Manager is accustomed to act (unless such advice, directions or instructions are given in a professional capacity);
- (h) A company which is a holding, subsidiary or an associate company of the company;
- (i) A company which is a subsidiary of the holding company to which the company is also a subsidiary;
- (j) A director (other than an independent director) or key managerial personnel of the holding company or his Relative and
- (k) An entity which is a related party under the applicable accounting standards and as defined under the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement from time to time.

**“Related Party Database”** shall have the meaning assigned in Clause 4.1 of this policy.

**“Related Party Transaction”** shall mean any transaction, directly or indirectly, involving any Related Party, which involves a transfer of resources, services or obligations between the Company and Related Party, regardless of whether a price is charged, and includes agreements or arrangements relating to:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such Related Party’s appointment to any office or place of profit in the Company, or its holding or subsidiary or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof of the Company;

but does not include (A) any transaction for payment or remuneration to a Director or Key Managerial Personnel in connection with his or her duties as a director or any employee of the Company as the case may be, including the reimbursement of



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reasonable business and travel expenses incurred in the ordinary course of business; (B) any transaction in which the Related Party's interest arises solely from the ownership of securities of the Company and all holders of such securities receive the same benefit pro rata to the securities held by them; and (C) transactions arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the Companies Act.

**“RPT Thresholds”** shall mean the thresholds for the Related Party Transactions a specified below or such other thresholds with respect to the specified Related Party Transactions as may be specified in the Rules, from time to time:

S.No.	Transactions	Thresholds
a.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	Value exceeding 10% of the turnover of the Company or INR 100 crore, whichever is lower.
b.	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	Value exceeding 10% of the networth of the Company or INR 100 crore, whichever is lower
c.	Leasing of property of any kind	For an amount exceeding 10% per cent of the net worth of the Company or 10% of the turnover of the Company or INR 100 Crores, whichever is lower.
d.	Availing or rendering of any services, directly or through appointment of any agent	Value exceeding 10% of the turnover of the Company or INR 50 crore, whichever is lower.
e.	Appointment to any office or place of profit in the Company	Monthly remuneration exceeding INR 250,000
f.	Underwriting the subscription of any securities or derivatives thereof, of the Company	For a remuneration exceeding 1% of the net worth of the Company

Provided that for the purpose of determining whether the RPT thresholds are being met with respect to the transactions specified in points (a) to (d) above the value of transaction or transactions to be entered into either individually or taken together with the previous transactions during the financial year shall be taken into account.

**“Rules”** shall mean the companies (meetings of Board and its Powers) Rules 2014 as may be amended modified or supplemented from time to time.

Other terms used, but not defined herein, shall have the same meaning as assigned to these in the Companies Act.

### 3. Objective of the Policy



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As a guiding principle, the Company undertakes only such Related Party Transactions that are in the best interest of the Company and its shareholders. This Policy has been formulated and adopted by the Board in order to identify and regulate the Related Party Transactions in accordance with the Companies Act and Listing Agreement, to streamline the approval process and to provide all relevant disclosures to the shareholders and ensure best governance practices are followed and legal compliance is done.

## 4. Identifications of Related Party Transactions

4.1 The management of the Company shall maintain a database of all the Related Parties and updates the same from time to time (“**Related Party Database**”) All Directors, Key Managerial Personnel and Manager, if any, are required to notify the Company of any additions or modifications to the list of Related Parties disclosed by them.

4.2 The Board has granted authority to all functional heads and certain employees of the Company (“**Authorised Employees**”) for entering into transactions for and on behalf of the Company. All such Authorised Employees shall be provided access to the Related Party Database. Prior to entering into/finalizing any transaction on behalf of the Company, each database to ensure that the proposed transaction does not involve a Related Party. In case the proposed transaction involves a Related Party (“**Proposed Related Party Transaction**”), the Authorized Employee shall notify the Chairman and Managing Director or the company secretary of the company about the details of the relevant Related Party and the proposed related party transaction.

4.3 Upon being informed of any proposed Related Party Transaction, the managing director or the company secretary of the Company is required to place the relevant details of the Proposed Related Party Transaction before the Audit Committee.

## 5. Role of the audit committee with respect to related party transaction.

5.1 All Proposed Related Party Transactions shall be place before the Audit Committee for its approval in accordance with the provisions of the Companies Act and the Listing Agreement, provided however, that the audit committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

(a) Audit committee shall have the power to 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) 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 that can be entered into (ii) the indicative base price /current contracted price and the formula for variation in the price of any and (iii) such other conditions as the Audit Committee may deem fit; provided that where the need for a Related Party Transaction cannot be



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foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.

(d) Audit committee shall review, atleast on a quarterly basis, the details of Related Party Transaction entered into by the Company pursuant to each of the omnibus approval given.

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

5.2 The Audit Committee, while assessing a Proposed Related Party Transaction, shall determine whether the transaction may be considered to be (a) in ordinary course of business of the Company. (b) on arms' length or (c) a material Related Party Transaction. In order to determine these conditions, the Audit Committee shall be guided by the following:

**a) Ordinary course of Business:** A transaction may be considered in the ordinary course of business of the Company if (i) the object the company permit it; ii) The Company has frequently under taken similar transaction the past; and (iii) if such transactions are a part of the industry practice.

**b) Arms' length**

i) A transaction would be considered on arms' length if it is on terms not less favourable to the Company than terms generally available with an unrelated entity.

ii) The Audit Committee may require the management of the Company or its employees to provide relevant data to determine whether the relevant transaction is on arms' length and/or may take advice from professionals.

iii) The Audit Committee must make its determination on the basis of generally accepted norms.

iv) In case the Company has not entered into transaction similar to the Proposed Related Party Transaction with any unrelated entity or the Proposed Related Party Transaction involves any proprietary technology, professional expertise of the related party or any special circumstances, the Audit committee must take into account terms of comparable transaction undertaken by other entities in the same sector, to determine whether the proposed related party transaction is on arms length or not.

**c) Materiality:**

i) Any Proposed Related Party Transaction will be considered as a material Related Party Transaction if the value of such a transaction (or value of all transactions with such \ Related Party, taken together, in a financial year) exceeds 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company.



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ii) Any Proposed Related Party Transaction, which is not in ordinary course of business or not on arms' length and is of a value more than the RPT Thresholds, shall also be considered as material Related Party Transaction.

iii) Other factors that may be considered for determining materiality of the Proposed Related Party Transaction: (A) whether the transaction has inherent reputational risk; (B) are any significant restrictions proposed to be imposed on the Company, such as Non-compete obligations which are uncommon for a similar transactions? (c) does the transaction affect the independence of an Independent Director?

5.3 In the event of Audit Committee:

a) approves the Proposed Related Party Transaction and is of the view that such a transaction is in ordinary course, on arms' length and a non-material Related Party Transaction, the Company may proceed with the Proposed Related Party Transaction with the approval of the Audit committee;

b) approves the Proposed Related Party Transaction, but is of the view that the Proposed Related Party Transaction, is either (i) not in ordinary course, or not on arms' length or both (ii) but is a non- material Related Party Transaction and does not meet the RPT Thresholds, the Audit Committee may recommend it for Board approval.

c) approves the Proposed Related Party Transaction, but is of the view that the Proposed Related Party Transaction, either (i) not in ordinary course, or not on arms' length or both and exceeds the RPT thresholds or (ii) is a material Related Party Transaction (irrespective of whether it is in ordinary course, or on arms' length). Audit Committee must recommend it for Board approval and a shareholders approval to be obtained through a special resolution in accordance with the provisions of the Companies Act and the Listing Agreement.

5.4. In the event the Audit Committee does not approve the Proposed Related Party Transaction, the Audit Committee must state reasons for the same. The Audit Committee may make specific recommendations to the management of the Company for the amendments/modifications that are required to the terms of the Proposed Related Party Transaction. The Audit Committee must liaise with the management of the Company to understand the commercial requirements to enter into the Proposed Related Party Transaction and take these into account while accessing the Proposed Related Party Transaction.

5.6 Where any Director in the Audit Committee is directly or indirectly interested in the Proposed Related Party Transaction, such Director shall not be present at the Audit Committee meetings where the Proposed Related Party Transaction is being deliberated open.

## 6. Approval from the Board

6.1 In the event the Audit Committee is of the view that the Proposed Related Party Transaction is either (i) not in ordinary course, or (ii) not on arms' length or both, the Proposed Related Party Transaction shall be placed before Board for its approval. The



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Board shall consider the Proposed Related Party Transaction in a meeting the agenda for such a Board meeting shall at least provide the following details.

- (a) name of the Related Party and nature of relationship;
- (b) nature duration & particulars of the Proposed Related Party Transaction;
- (c) material terms of the Proposed Related Party Transaction including the value, if any;
- (d) any advance paid or received for the Proposed Related Party Transaction, if any;
- (e) the manner of determining the pricing and other commercial terms, both included as part of written contract proposed to be entered into in relation to the Proposed Related Party Transaction and those that are not a part of the contract;
- (f) whether all factors relevant to the Proposed Related Party Transaction have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (g) any other information relevant or important for the Board to take a decision on the proposed transaction.

6.2 Where a Director is, directly or indirectly, interested in the Proposed Related Party Transaction, such Director shall not be present at the Board meeting where the Proposed Related Party Transaction is being deliberated upon.

6.3 In the event the Board approves the Proposed Related Party Transaction and (a) the transaction is of a value less than the RPT thresholds and (b) in the opinion of the Audit Committee is a non-material Proposed Related Party Transaction, the Company can undertake the transaction post the Board approval.

6.4 In the event the Board approves the Proposed Related Party Transaction but (a) the transaction is of a value specified in the RPT thresholds (b) in the opinion of the Audit Committee is a material Related Party Transaction, the Proposed Related Party Transaction shall be required to be approved by a special resolution of the shareholders' of the Company.

6.5 For ease of reference, the approvals required for various Related Party Transaction are given below:

<b>Approvals required from</b>	<b>Audit Committee only</b>	<b>Audit Committee and Board only</b>	<b>Audit Committee, Board and shareholders by special resolution</b>
<b>Nature of transaction</b>	Transaction which are: (a) In ordinary course of business, and on arms' length,  <b>And</b>	Transactions which:  (a) Either not in ordinary course of business or not on arms' length or both, but <b>DO NOT</b> meet the RPT	Transaction which are:  (a) Either not in ordinary course of business or not on arms' length, or both <b>AND</b> meet the RPT Thresholds;





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	(b) are non-material Related Party Transaction	Thresholds; <b>And</b> (b) are non-material Related Party Transactions	<b>Or</b> (b) are material Related Party Transactions, (irrespective of whether these are in ordinary course of business and on arms' length)
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## 7. Approval by the shareholders

7.1 In case a shareholders, approval is required for undertaking the Proposed Related Party Transaction in accordance with clause 6.4 of this policy, the explanatory statement annexed to the notice of the shareholders' meeting shall, at a minimum, provide the following details:

- (a) name of the Related Party;
- (b) name of the Director or Key Managerial Personnel who is related if any;
- (c) nature of the relationship;
- (d) nature, material terms, monetary value and particulars of the Proposed Related Party Transaction;
- (e) any other information relevant or important for the shareholders to take a decision on the Proposed Related Party Transaction and
- (f) In case the relevant Related Party is a company, the extent of shareholding interest in such Related Party of every promoter, director, manager if any, and of every other Key Managerial Personnel of the Company, if the extent of such shareholding is more than 2% of the paid-up share capital of the Related Party

7.2 No shareholder of the Company, who fall within the definition of a Related Party shall vote on the special resolution required for approving such a Proposed Related Party Transaction, irrespective of whether such a shareholder is a party to the particular transaction or not.

7.3 The voting on a shareholders' resolution pertaining to the Proposed Related Party Transaction may be by way of show of hands, electronic means or postal ballot or any other manner as permitted in the Companies Act.

## 8. Maintenance of Registers and Disclosures.

8.1. The company shall maintain a register of all contracts or arrangements entered into by the Company with the Related Parties, in a form and manner prescribed under the Companies Act ("**Related party transactions Register**"). Such Related Party Transaction Register shall be preserved permanently and kept at the registered office of the Company.

8.2 After entering any particulars in the Related Party Transaction Register, the register shall be placed before the next meeting of the Board and signed by all the Directors present at such meeting. The Related Party Transaction Register shall be produced at every annual general



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meeting of the Company and remain open and accessible during the continuance of the meeting.

8.3 All Related Party Transaction entered into by the Company shall be disclosed in the Board's report to be appended to the annual financial statements of the Company's, along with the justifications for entering in such Related Party Transaction.

8.4 All material Related Party Transaction shall be disclosed by the Company quarterly along with the compliance report on corporate governance and its annual report, as may be required under the Listing Agreement.

8.5 In addition to the above, the Company shall make all other disclosures as may be prescribed under the Listing Agreement, the Companies Act and the relevant accounting standards from time to time.

8.6 The Company Secretary for the Company shall maintain the minutes of all meetings of the Audit Committee, the Board and the shareholders wherein any Related Party transactions have been considered or deliberated upon.

### 9. Miscellaneous

**9.1 Interpretation:** Unless the context of this policy otherwise requires

words using the singular or plural number also include the plural or singular number;

words of any gender are deemed to include the other gender;

reference to the word "include" shall be construed without limitation;

the terms "Clause" refers to the specified clause of this policy;

Reference to any legislation or law or to any provision thereof shall include references to any such legislation or Law as it may, after the date hereof, from time to time, be amended, supplemented, re-enacted, replaced or superseded, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision; and

**9.2 Applicable laws:** In case the provisions of this Policy are in conflict with the provisions of the applicable law (including provisions of the Companies Act or the Listing Agreements) or provisions of the applicable law or any interpretation thereof are more beneficial than the provisions of this Policy, the provisions of the applicable law and the relevant interpretation thereof shall supersede the provisions of this Policy and the Company shall be entitled to act in accordance with such provisions of the applicable laws and any interpretation thereof. All actions taken by the Company in accordance with such applicable laws shall be deemed to be in consonance with this policy.

9.3 This policy shall be disclosed on the website of the Company and a link thereto shall be provided in the Annual Report.

**As approved by the Board of Directors in their meeting held on 8<sup>th</sup> November, 2014.**