



JTL INFRA LIMITED Policy on Related Party Transactions

(Modified w.r.t. the Sixth Amendment to the SEBI LODR Regulations dated 9th November, 2021 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021)

Effective from April 1, 2022

INTRODUCTION

The Board of Directors (“Board”) of JTL Infra Limited (“Company”) has adopted the following policy and procedures with regard to Related Party Transactions (“RPT”) after considering the recommendation of the Audit Committee, and associated procedures with regard to Related Party Transactions, in line with the requirements of Companies Act, 2013 (“the Act”) and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) as may be applicable to the Company.

This Policy of JTL Infra Limited (‘JTL’ or ‘the company’) has been framed to ensure that proper reporting, approval and disclosure processes are in place to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company. This Policy specifically deals with the review and approval of material Related Party Transactions, keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

OBJECTIVE OF THE POLICY

This policy is framed based on SEBI Listing Regulations and the provisions of the Act and is intended to ensure the governance and reporting of transactions between the Company and its Related Parties. The objective of this Policy is to set out: -

- a) Materiality thresholds and Material Modification for Related Party Transactions
- b) The manner of dealing with the transactions between the Company and its Related Parties.

DEFINITIONS

3.1 “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.

3.2 “Associate” means a Company as defined under section 2(6) of the Act.

3.3 “Audit Committee” means “**the Committee**” constituted by the Board of the Company under provisions of SEBI Listing Regulations and the Act, from time to time.



3.4 “Company” means J T L Infra Limited, registered under the Companies Act, 1956 (Presently Companies Act, 2013).

3.5 “Material Related Party Transaction(s)”: means a transaction with a related party shall be considered to be material if the transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year exceeds rupees one thousand crore or ten percent of the consolidated annual turnover of the Company, as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding the above, 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 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3.6 “Material Modifications of Related Party Transaction” in relation to the Company means and include any modification to an existing related party transaction having upward variance of 5% of the existing limit as sanctioned by the Audit Committee/Board/Shareholders as the case may be

3.7 “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 Memorandum & Articles of Association.

3.8 “Key Managerial Personnel” or “KMP” shall have the meaning as defined in the Companies Act 2013 and as amended from time to time.

3.9 “Related Party” have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

3.10 “Related Party Transaction” as defined under the SEBI Listing Regulations means a transfer of resources, services or obligations between the Company and a related party, 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 including but not limited to the following –

- 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, its subsidiary company or associate company
- g) underwriting the subscription of any securities or derivatives thereof, of the



company.

The term shall have the meaning ascribed to it under the SEBI Listing Regulations as may be amended from time to time or relevant provisions of the Act.

3.11 “Subsidiary” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each Director and Key Managerial Personnel is responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his/her Relative, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and/or the Board.

The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company has to receive such notice of any potential Related Party Transaction well in advance to place it before the Audit Committee, so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Where, owing to business exigencies, Related Party transactions that are in the ordinary course of business and/or on arm's length basis, have been entered into without prior approval by the Audit Committee, the details of such transactions shall be put up for ratification/approval of the Audit Committee at the first Audit Committee Meeting scheduled after entering into such transactions. The Audit Committee may ratify such transactions or cancel the said transactions at their discretion.

OVERALL FRAMEWORK OF REVIEW AND APPROVAL FOR RELATED PARTY TRANSACTIONS

Level 1 - Audit Committee's Approval

All Related Party Transactions and subsequent material modification shall be subject to prior approval of the Audit Committee and only those members of the Audit Committee, who are independent directors and not a related party, shall approve related party transactions.

Provided further that: -

- a) a related party transaction to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company;

- b) with effect from April 1, 2023, a related party transaction to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Transactions entered into between a holding company and its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval shall not require audit committee's approval.

In case the transactions entered into between a holding company and its wholly owned subsidiary which are not in ordinary course of business and/or not on arm's length basis are mandatorily required prior approval of the Audit Committee and only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Level 2 – Board's Approval

All Related Party Transactions approved by the Audit Committee may be noted by the Board. However, all related party transactions which are not in the ordinary course of business and not in arm's length basis shall be mandatorily approved by passing a resolution at the meeting of the Board.

Level 3 – Shareholder's Approval

The following type of related party transactions and subsequent material modification, as described above, shall require prior approval of the shareholders through resolution:

(A) All "material" Related Party Transactions

(B) All such Related Party Transactions which are not in the ordinary course of business and which exceed the permissible limits as given under Companies (Meetings of Board and its Powers) Rules, 2014

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.

CONSIDERATION FOR APPROVAL OF RELATED PARTY TRANSACTIONS

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction: -

- i. 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;
- ii. Whether there are any undue compelling business reasons or exigency for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;

- iii. Whether the Related Party Transaction would affect the independence of the directors/KMP;
- iv. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- v. **Where** the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company;
- vi. Compare existing contracts/agreements (if any) and its terms with one or more identical or similar transactions and compare the market terms known for such similar transactions and;
- vii. 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, 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 the Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting /resolution by circulation 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.

If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for the management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

PRE-APPROVAL / OMNIBUS APPROVAL BY AUDIT COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal/Ordinary course of business of the Company, the Audit Committee may grant standing pre-approval / omnibus approval. While granting such approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that the same is in the interest of the Company and/or the Related Party Transactions that are repetitive in nature.

The Audit Committee shall specify the Criteria for making omnibus approval which shall include the contents specified in Rule 6A of (Meeting of Board and its Powers) Rules, 2014.

The omnibus approval shall contain the following:

- a. Name of the Related Party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into



- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require a prior approval of the Committee.

Further, where the need of the Related Party Transaction cannot be foreseen and all prescribed details are not available, Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported at the next meeting of the Audit Committee for ratification.

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval made.

The omnibus approval shall be valid for a period of one year and fresh approval shall be obtained after the expiry of one year.

PRE-APPROVED / RATIFIED TRANSACTIONS

The Shareholders of the Company vide Special Resolution dated 30th September, 2020 had sanctioned annual limits for certain foreseeable related party transactions. All transactions covered by the Special Resolution dated 30th September, 2020 specifying annual limits for certain Related Party Transactions of the Company.

The aforesaid approval by shareholders shall be deemed to be Pre- Approved or Ratified Transactions and are not subject to further review and approval or ratification of the Board of Directors or the Audit Committee

TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL

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

- a) Any transactions, which are at arm's length and in ordinary course of business, entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- b) Any transaction involving the providing of compensation to a Director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, and in line with the terms of Appointment.

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.

d) Transaction that have been approved by the Board under specific provisions of the Act e.g. inter-corporate deposits, borrowings, investments etc. with or in wholly owned subsidiaries or other Related Parties;

e) Transactions arising out of corporate restructuring, compromises, arrangements and amalgamations dealt with under specific provisions of the Act, will not attract the requirements of Section 188 of the Act. (MCA vide General Circular No. 30/2014 dated July 17, 2014).

f) Contribution to Corporate Social Responsibility (CSR) obligations, subject to approval of CSR Committee and within the overall limits approved by the Board of Directors of the Company.

DISCLOSURE

Every Related Party Transaction with proper justification shall be disclosed in the Directors Report. [Material RPTs shall be provided in the notice to shareholders].

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall submit [enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:

- i. within 15 days from the date of publication of financials;
- ii. simultaneously with the financials w.e.f. April 1, 2023]. and also publish the same on its website.

The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report. This Policy will be communicated to all operational employees and other concerned persons of the Company.

POLICY REVIEW

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI LODR.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI LODR or any other regulations ("the Regulations") which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the Provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the



Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors. Provided that this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

CONFLICT WITH STATUTORY PROVISIONS

In case of any conflict of any terms of the Policy with the Act and/or the Listing Regulations the provisions of the Act and/or the Listing Regulations shall prevail.