



**POLICY ON MATERIALITY OF RELATED
PARTY TRANSACTIONS AND DEALING WITH
RELATED PARTY TRANSACTIONS**

**JUBILANT AGRI AND CONSUMER
PRODUCTS LIMITED**



1. INTRODUCTION

This policy aims to determine the materiality of Related Party Transactions ('**RPTs**') and to deal with RPTs of Jubilant Agri and Consumer Products Limited (the '**Company**').

This policy is prepared in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the '**Listing Regulations**') and Sections 177 and 188 of the Companies Act, 2013 (the '**Act**') read with the Rules made thereunder.

2. DEFINITIONS

- a) 'Related Party' and 'Related Party Transactions' shall have the meanings ascribed to them under the Companies Act, 2013 and the Listing Regulations.
- b) 'Material modification' means any subsequent modification to an existing Related Party Transaction, if the value of the modification exceeds 10% of the transaction value approved by the Committee.

All the words and expressions used in this Policy, unless not defined herein, shall have the meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Act and the Rules, Notifications, and Circulars made/issued thereunder, as amended, from time to time.

3. OBJECTIVES OF THE POLICY

The objective of this Policy is to set out

- a) Identification of the Related Parties;
- b) The materiality threshold for related party transactions;
- c) Material modification thereof;
- d) The manner of dealing with the transaction between the Company and its related parties based on the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

All Related Party Transactions should be referred to the Audit Committee of the Company for prior approval. The Audit Committee shall also approve any subsequent material modifications of RPTs. The Audit Committee may also grant omnibus approval for certain category of RPTs, which shall be valid for period not exceeding one financial year and shall require fresh approval after the expiry of one financial year.

4. MATERIAL RELATED PARTY TRANSACTION

Pursuant to the provisions of Regulation 23 of the Listing Regulations, a transaction with a related party shall be considered 'Material' if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds Rs.1000 Crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company,



whichever is lower.

Pursuant to the provisions of Regulation 23(1A) of the Listing Regulations, 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, exceeds 5% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

5. ASCERTAINING AND IDENTIFICATION OF RELATED PARTY

- a) Every director/KMP shall at the beginning of the financial year at the first meeting of the Board in which he participates and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, provide information by way of written notice to the Company regarding his/her concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.
- b) Directors/KMPS are also required to provide information regarding their engagement with other entity during the financial year which may be regarded as related party according to this Policy.
- c) Every Director, KMP, Divisional CEO/CFO & the Departmental Heads will be responsible for providing prior Notice to the Company Secretary/CFO of any potential transaction with Related Party.
- d) All the subsidiaries of the Company, before entering into a Related Party Transaction, which may require approval of the Audit Committee & members of the Company under this Policy, shall bring to the attention of the Company about such proposed Related Party Transaction(s), so that the requisite approvals shall be obtained by the Company.
- e) The Company Secretary shall at all times maintain a database of Company's Related Parties in Management Information System (MIS) & it shall be updated whenever necessary and shall be reviewed in each quarter.

6. APPROVALS AND REVIEW

- a) All Related Party Transactions (and subsequent material modifications) will require prior approval of Audit Committee, provided that only those members of the audit committee, who are independent directors, shall approve Related Party Transactions. Any member of the Audit Committee or the Board who has potential interest in any Related Party Transaction will in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not participate at the meeting during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.
- b) The Audit Committee shall consider the following factors while deliberating the related party transactions for its approval:

- Name of party and details explaining nature of relationship;
 - Duration of the contract and particulars of the contract and arrangement;
 - Nature of transaction and material terms thereof including the value, if any;
 - Manner of determining the pricing to ascertain whether the same is on arm's length;
 - Business rationale for entering into such transaction and;
 - Any other information relevant or important for the Board to take a decision on the proposed transaction;
- c) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company provided that: -
- a related party transaction to which the 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 ten (10) per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary; and
 - prior approval of the audit committee of the Company 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.
- d) In determining whether to approve a Related Party Transaction, the Audit Committee will consider following factors, among others, to the extent relevant to Related Party Transaction:
- 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.
 - Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.
 - Whether the Related Party Transaction would affect the independence of an independent director.
 - Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the proposed transaction.
 - Chief Financial Officer shall submit his notes to the Audit Committee giving his comments as to whether existing/proposed transaction(s) are on arms' length basis and in ordinary course of business.
 - The Committee will give due consideration to Chief Financial Officer notes while deciding whether a transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

- 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.
 - 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.
- e) The Committee shall grant omnibus approval for RPTs proposed to be entered into by the Company or its subsidiary, subject to the following conditions:
- The proposed RPTs are repetitive in nature and the Committee is satisfied that such omnibus approval is in the interest of the Company or its subsidiary;
 - Omnibus approval shall be granted for RPTs on the basis of the budgeted numbers every year :
 - Maximum value of RPTs that can be allowed under the omnibus approval route, in a financial year shall not exceed 30% of the turnover on the basis of audited consolidated financial statements of the Company for the preceding financial year.
 - Maximum value per Related Party in a financial year shall not exceed 10% of the turnover on the basis of audited consolidated financial statements of the Company for the preceding financial year.
 - RPTs which cannot be foreseen and where the details prescribed in the criteria for seeking omnibus approval are not available, the Committee may grant omnibus approval upto Rs. 1 crore per transaction.
- f) The Committee shall prescribe the following:
- Disclosures to be made to the Committee at the time of seeking approval for the proposed RPTs which shall be aligned to the format prescribed under the applicable laws
 - Periodicity of review of RPTs entered into by the Company or its subsidiary pursuant to the omnibus approval;
 - Transactions which shall not be allowed under the omnibus approval route;
 - Period of validity of omnibus approval which shall not exceed one financial year.
- g) Every RPT which is 'Material' and subsequent material modifications', shall require prior approval of the shareholders. No Related Parties shall vote to approve the relevant transaction, irrespective of whether they are party to the particular transaction or not.
- h) All RPTs prescribed under Section 188 of the Act which are either not in the



ordinary course of business or are not at arm's length basis, shall require prior approval of:

- i) Board; and
 - ii) Shareholders, if amount of such transactions exceeds the limits prescribed in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. No Related Party shall vote to approve such transaction.
- i) All RPTs including RPTs approved through omnibus approval, shall be reviewed post facto by the Committee on a quarterly basis. The Committee shall be informed whether the RPTs have been entered into in the ordinary course of business and on arm's length basis.
- j) The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction 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 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 in terms of the provisions of the Listing Regulations;

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

7. TRANSACTIONS WITH WHOLLY OWNED SUBSIDIARIES

Such provisions of this Policy as far as they are exempted by the act and the Listing Regulations shall not be applicable to the following transactions of the subsidiary companies whose accounts are consolidated with the accounts of the Company and placed before the shareholders at the general meeting for approval:

- a. Transactions of the Company with a wholly-owned subsidiary subject to compliance with the provisions of the Act.
- b. Transactions entered into between two wholly-owned subsidiaries of the Company.



8. RELATED PARTY TRANSACTIONS THAT SHALL NOT REQUIRE APPROVAL UNDER THIS POLICY

- a) Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not Material in terms of this policy.
- b) Reimbursement of business and travel expenses of Directors and KMPs incurred in the ordinary course of business;
- c) The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- d) Payment of Dividend;
- e) Transactions involving corporate restructuring, such as buy-back of shares, subdivision or consolidation of securities and issuance of securities by way of a rights issue or a bonus issue;
- f) Contribution towards Corporate Social Responsibility (CSR) within the overall limits approved by the Board that require approval of the Sustainability & Corporate Social Responsibility Committee
- g) Retail purchases from Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable to all employees and directors.
- h) Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company or its subsidiary on one hand and the Central Government or any State Government or any combination thereof on the other hand;
- i) Any other exemption granted by Ministry of Corporate Affairs or SEBI from time to time.
- j) The Audit Committee shall examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action as it deems appropriate.
- k) In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party, etc.

9. DISCLOSURES

- a) Particulars of RPTs shall be disclosed in such manner and within such timelines as prescribed under the Listing Regulations and/or the Act (including rules made thereunder), from time to time.
- b) This Policy shall be disclosed on the Company's website <http://jacpl.co.in/> and a web link thereto shall be provided in the Annual Report of the Company.

10. APPLICABILITY, REVIEW AND AMENDMENT

Applicable provisions of the Companies Act, 2013 and the Listing Regulations



pertaining to Related Party Transactions which are not specifically covered in this Policy shall be deemed to form part of this Policy.

The Board shall review the Policy at least once in every three years. The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

Further, in the event of any inconsistency between the provisions of the Companies Act 2013, SEBI Regulations, and this policy, the applicable provisions of either the Companies Act or the SEBI Regulations shall prevail.

This Policy was approved by the Board of Directors of the Company at its meeting held on November 04, 2024 on recommendations of the Audit Committee. This Policy shall be effective from November 04, 2024. This policy is further amended by the Board on recommendations of the Audit Committee on February 14, 2025 effective immediately.