

Policy on Materiality of Related Party  
Transactions and on Dealing with  
Related Party Transactions"

**JAIN FARMS AND RESORTS LIMITED**

## **Policy on Materiality of Related Party Transactions**

### **1. TITLE:**

This Policy shall be called 'Policy on materiality of Related Party Transactions and dealing with Related Party Transactions'.

### **2. OBJECTIVE:**

The Board of Directors (the "Board") of JAIN FARMS AND RESORTS LIMITED (the "Company") has adopted this policy to regulate transactions of the Company with its Related Parties in compliance with applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time and other law for the time being in force.

This policy is framed as per requirement of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 (Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations require the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

One such requirement is that the companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

### **3. DEFINITIONS**

**Arm's Length Basis** means a transaction between two related parties that if conducted as if they were unrelated, so that there is no conflict of interest.

**"Audit Committee or Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 as amended from time to time.

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

**“Company”** means JAIN FARMS AND RESORTS LIMITED.

**“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 if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

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.

All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution. Provided that (1) transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval and (2) 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, shall not require approval of the Shareholders.

no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

**Policy”** means Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as amended from time to time.

**“Related Party”** means and shall have the same meaning as defined under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and applicable accounting standards as amended time to time.

**“Related Party Transaction”** means and include following transaction with a Related Party

- i) Any contract or arrangement as referred in Section 188 of the Companies Act, 2013; or
- (ii) Transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.
- (iii) A "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

**“Ordinary Course of Business”**: Related Party Transaction will be considered in ordinary course if it entered in the normal course of the business pursuant to the objects of the Company as per the charter documents of the Company.

#### **4. IDENTIFICATION OF RELATED PARTIES:**

Each Director and Key Managerial Personnel (KMP) is responsible for providing notice to the Board regarding persons and entities to be considered as “Related Parties” by virtue of his/her being Director/ KMP in the company. Such Notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / KMP in the manner prescribed in the Companies Act, 2013 and the rules there under.

#### **5. APPROVAL OF RELATED PARTY TRANSACTIONS**

Under provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, all Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

- a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Provided further that (1) transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval and (2) 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, shall not require approval of the Audit Committee.

Under the provisions of the Act, the related party transaction shall not require approval of the Audit Committee, where the transactions are other than transactions referred to in section 188, between holding company and its wholly owned subsidiary.

Subject to compliance with Rule 6A of the Companies (Meetings of the Board and its Powers) Rules, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the following conditions as contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations as amended from time to time:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself 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 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.

- d. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs 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.

The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or transactions referred to it by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the prior approval of shareholders of the Company through ordinary resolution and the Related Party shall abstain from voting on such resolution(s).

## **6. DISCLOSURES**

Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.

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

The Company shall disclose policy on dealing with Related Party Transactions on its website and web link thereto shall be provided in the Annual Report.

## **7. THRESHOLD LIMITS OF TRANSACTIONS WITH RELATED PARTIES**

As per amendment to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once in every three years and updated accordingly.

(A) – Limits under the Companies Act, 2013

Subject to provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Company shall not enter into below transactions with related parties unless prior approval of shareholders obtained by way of resolution passed at a general meeting:

<b>Sr.</b>	<b>N a t u r e o f Transaction(s)</b>	<b>Statutory Limits for all transactions during a financial year per related party</b>	<b>Upper Monetary Ceiling for all transactions during a financial year per related</b>

1	Sale, purchase or supply of any goods or materials or services	For Wholly Owned Subsidiary  The transactions with Wholly Owned Subsidiary are exempted from obtaining shareholder's approval  For other related parties Upto 10% of Turnover (on standalone basis)	For Wholly Owned Subsidiary Upto Rs. 50 Crores  For other related parties Upto 10% of Turnover (on
2	Selling or otherwise disposing of, or	Upto 10% of Net worth (on standalone basis)	Upto 10% of Networth (on standalone basis)
3	Leasing of property of any	Upto 10% of Turnover (on	Upto 10% of Turnover (on
4	Such related party's appointment to any office or place of profit in the company	Upto to 2.50 lacs per month, as per performance assessment by the Company and industry standards	Upto to 2.50 lacs per month, as per performance assessment by the Company and industry standards

(B) – Limits under the SEBI (Listing Obligations and Disclosure Requirements) Regulations

Subject to provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements), the Company shall not enter into below transactions with related parties unless prior approval of shareholders obtained by way of resolution passed at a general meeting:

Sr.	Nature of Transaction(s)	Statutory Limits for all transactions during a financial year per related party	Upper Monetary Ceiling for all transactions during a financial year per related
1	Any transaction by the Company with Wholly Owned Subsidiaries as	The transactions with Wholly Owned Subsidiary are fully exempted	Upto Rs. 50 Crores

2	Any transaction by the Company with related parties other than Wholly Owned Subsidiaries	Upto 10% of Turnover (on consolidated basis) or Rs. 1000 cr, whichever is lower	Upto 10% of Turnover (on consolidated basis) or Rs. 1000 cr, whichever is lower, subject to respective threshold limits specified in Rules
3	Any transactions entered into between two Wholly Owned Subsidiaries/fellow subsidiaries of the Company	Transactions entered into between two Wholly Owned Subsidiaries/fellow subsidiaries of the Company are fully	Upto Rs. 50 Crores
4	Any transactions by Subsidiaries of the Company with its related parties (other than Wholly Owned subsidiaries/fellow	Upto 10% of Turnover (on consolidated basis) or Rs. 1000 cr, whichever is lower	Upto 10% of Turnover (on consolidated basis) or Rs. 1000 cr, whichever is lower, subject to respective

## 8. CRITERIA FOR APPROVING RELATED PARTY TRANSACTIONS:

The Board shall take into account the following, in determining whether to approve, ratify, disapprove or reject a Related Party Transaction and assessing the Related Party transactions:

- I. whether the Related Party Transaction is entered into on terms no less favorable to the Company than terms generally available to an unrelated third-party under the same or similar circumstances;
- II. The terms of such transaction;
- III. The Related Person's interest in the transaction;
- IV. The purpose and timing of the transaction;
- V. Whether the Company is a party to the transaction, and if not, the nature of the Company's participation in the transaction;
- VI. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- VII. Information concerning potential counterparties in the transaction;
- VIII. The approximate rupee value of the transaction and the approximate rupee value of the Related Person's interest in the transaction;
- IX. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
- X. Any other relevant information regarding the transaction.



