

## **JBM AUTO LIMITED**

### **POLICY ON MATERIALITY OF RELATED PARTY**

### **TRANSACTIONS**

### **AND**

### **ON DEALING WITH RELATED PARTY TRANSACTIONS**

## 1. INTRODUCTION AND SCOPE

In terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), every company which has listed its specified securities is required to formulate a policy on materiality of Related Party Transactions including clear threshold limits and on dealing with Related Party Transactions.

In compliance with the provisions of the Listing Regulations, the Board of Directors of the Company have adopted this "Related Party Transaction Policy" ("**Policy**") in order to define materiality of Related Party Transactions and manner of dealing with Related Party Transactions. The Policy aims to ensure proper approval and reporting of Related Party Transactions between the Company and its related parties. The Company recognizes that Related Party Transactions may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company's and its shareholders interest and in compliance with the laws applicable to the Company. Such transactions shall be considered appropriate only if they are in the best interest of the Company and its shareholders.

The Board of Directors ("the Board") of JBM Auto Limited has reviewed and adopted the following Policy & Procedures in its meeting held on 29th January, 2025 with regard to Materiality of Related Party Transactions and dealing with Related Party Transactions of the Company.

## 2. DEFINITIONS

**"Arm's Length Transaction"** means a transaction between 2 (two) Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest, and the term 'arm's length' shall be construed accordingly.

**"Audit Committee"** or **"Committee"** means a committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with rules framed thereunder and Regulation 18 of the Listing Regulations.

**"Board"** means Board of Directors of the Company.

**"Company Secretary"** means a person who is appointed by the Company to perform the functions of the Company Secretary under provisions of the Companies Act, 2013.

**"Key Managerial Personnel"** means -

- (i) the Chief Executive Officer or the Managing Director or the Manager of the Company;
- (ii) the Company Secretary of the Company;
- (iii) the Whole Time Director of the Company;
- (iv) the Chief Financial Officer of the Company;
- (v) such other officer as may be prescribed under Section 2(51) of the Companies Act, 2013.

**"Listing Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment or modification thereof, as may be applicable.

**"Material Modification"** means any change in the approved financial terms having variance of 20% of the existing terms or INR 100 crore, whichever is lower.

**“Material Related Party Transaction”** means

- (i) the Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;
- (ii) Notwithstanding anything mentioned at point (i) above, a transaction(s) involving payments made to a Related Party with respect to brand usage or royalty 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.

**“Policy”** means this related party transaction policy of the Company.

**“Related Party(ies)”** means a Related Party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Listing Regulations; including any amendment or modification thereof, as may be applicable.

**“Related Party Transaction(s)”** means such transaction as specified under the Companies Act, 2013 and the Rules made thereunder and the Listing Regulations, including any amendment or modification thereof, as may be applicable.

Any words / terms used in the Policy but not defined herein shall have the same meaning ascribed to it, in the Companies Act, 2013 or rules made thereunder, the Listing Regulations, the Indian Accounting Standards or any other relevant legislation / law applicable to the Company.

### 3. APPROVAL OF RELATED PARTY TRANSACTION

#### **Approval of the Audit Committee**

- i. Every Related Party Transaction to which Company is a party /beneficiary and subsequent Material Modifications is required to be approved by the Audit Committee as required in terms of the provisions of the Companies Act, 2013 and the Listing Regulations.
- ii. Related Party Transaction(s) to which the subsidiary of the Company is a party but the Company is not a party, will 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 (i) 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary; or (ii) 10% of the annual consolidated turnover, as per the latest audited financial statement of the Company. Any subsequent Material Modification to such transaction also requires prior approval of Audit Committee.
- iii. 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, do not require approval of the Audit Committee provided that the same is not Material Related Party Transaction.
- iv. 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:
  - (a) the value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year does not exceed INR 1,00,00,000 (Rupees One Crore);

- (b) the transaction is not a Material Related Party Transaction;
- (c) rationale for inability to seek prior approval for the transaction should be placed before the Audit Committee at the time of seeking ratification;
- (d) the details of ratification should be disclosed along with the disclosures of Related Party Transactions in terms of the provisions of sub-regulation (9) of Regulation 23 of Listing Regulations to the stock exchange and on the website of the Company;
- (e) any other condition as specified by the Audit Committee:

Provided that failure to seek ratification of the Audit Committee will 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.

- v. To review a Related Party transaction which requires approval of the Audit Committee, the Audit Committee will be provided with all relevant material information to assist it in deciding whether or not to approve the transaction. Further in accordance with the Listing Regulations only those members of the Audit Committee who are independent directors are eligible to approve the Related Party Transactions.
- vi. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered by the Company or its subsidiary which are repetitive in nature subject to the following conditions:
  - (a) The Audit Committee should satisfy itself on the need for omnibus approval and whether such approval is in the interest of the Company;
  - (b) The omnibus approval should contain the name of the Related Party(ies), nature and duration of the transaction, maximum amount of transaction that can be entered into, the indicative base price or current contracted price and the formula for variation in the price, if any, and 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, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.
  - (c) Omnibus approval will be valid for a period not exceeding 1 (One) financial year and will require fresh approval after the expiry of such financial year;
  - (d) Omnibus approval will not be made for transactions in respect of selling or disposing of the undertaking of the Company;
  - (e) The Audit Committee will, at least on quarterly basis, review the details of the Related Party Transactions entered into by the Company and its subsidiary pursuant to each of the omnibus approval.
- vii. While approving, the Audit Committee may, inter-alia, consider the following factors:
  - (a) all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party.
  - (b) whether the Related Party Transactions are in the ordinary course of the Company's business and can be considered as Arm's Length Transactions, at the time of entering into the transaction.
  - (c) business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any.

- (d) whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company.
- (e) any other matter the Audit Committee deems relevant.

**Approval of the Board of Directors of the Company**

- i. The Board of Directors of the Company is required to approve such Related Party Transactions as are required to be approved by it in terms under Section 188 of Companies Act, 2013, the Listing Regulations and transactions referred to it by the Audit Committee for its approval.
- ii. The agenda of the Board of Directors of the Company meeting at which the resolution for the above stated Related Party Transaction is proposed to be moved should disclose-
  - (a) the name of the Related Party and nature of relationship;
  - (b) the nature, duration of the contract and particulars of the contract or arrangement;
  - (c) the 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;
  - (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
  - (f) 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
  - (g) any other information relevant or important for the Board to take a decision on the proposed transaction.

**Interested Director / Audit Committee Members not to participate**

- i. Where any Director / member of the Audit Committee, whether directly or indirectly, is concerned or interested in a Related Party Transaction in terms of the provisions of Section 184 of the Companies Act, 2013, such Director / member of the Audit Committee, is required to disclose the nature of his concern or interest and is further required to not be present at the meeting during discussions on such transactions.

**Approval of the Shareholders of the Company**

- i. All Material Related Party Transaction(s) and its subsequent Material Modification(s) require prior approval of shareholders of the Company through resolution (unless it is exempted pursuant to the provisions of the Listing Regulations) and the Related Parties of the Company will not vote to approve such resolution(s).
- ii. All Related Party Transactions in terms of Section 188 of the Companies Act, 2013 which are not in the ordinary course of business and / or are not at 'arm's length' and which exceeds the threshold limits prescribed in Section 188 of the Companies Act, 2013, also require the approval of shareholders of the Company through a resolution.
- iii. No Related Party will vote on such resolutions irrespective of whether the person/entity is a Related Party to the particular transaction or not.

**Exemptions:**

- i. The following Related Party Transactions are exempt from the requirement of prior approval of the shareholders:
  - (a) Transactions between and among the wholly owned subsidiary(ies) and the Company, whose accounts are consolidated with the Company, if such transactions are in the Ordinary Course of Business or executed as Arm's length transaction.
  - (b) Transactions between and among two or more wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company.

**4. DISCLOSURE OF RELATED PARTY TRANSACTIONS**

**Board's Report**

- i. Every contract or arrangement entered into under Section 188(1) of the Companies Act, 2013, is required to be referred to in the Board's report to the shareholders of the Company along with justification for entering into such contract or arrangement.

**Stock Exchanges & Website**

- i. The Company will submit disclosures of Related Party Transactions and details of ratification of Related Party Transactions in the format and timeframe(s) as specified by the SEBI, from time to time, to the Stock Exchanges where securities of the Company are listed and publish the same on the website of the Company. However, the 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, is not required to be disclosure provided that the same is not a Material Related Party Transaction.

**5. IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

- i. Every Director and Key Managerial Personnel is responsible to declare any person or entity that would be regarded as Related Party for the Company in accordance with this Policy on account of his being Director or Key Managerial Personnel of the Company. Such declaration will include disclosure of his (and his relative's) concern or interest in any company or companies or bodies corporate, firms or such other association of individuals which will include the shareholding, directorship, membership, partnership, etc.
- ii. Company Secretary of the Company is required to identify other persons or entities that would be regarded as Related Parties on account of their relationship as mentioned in the definition of related parties on a half yearly basis based on the information available with him or after making enquiries as may be necessary. The Company Secretary will also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.
- iii. Director, Key Managerial Personnel and other persons or entities identified by the Company Secretary, will submit updated disclosures as and when there is a change in already submitted disclosures.



- iv. Company Secretary will prepare a comprehensive list of Related Parties based on the information received from Director, Key Managerial Personnel and other persons or entities identified by him. Such list will be circulated to all the persons having authorities to carry out any transactions so that the Policy can be adhered to.
- v. Audit Committee may determine the procedure to be followed for declaration as well as compilation and circulation of comprehensive list of Related Parties.
- vi. Every officer of the Company entrusted with the authority to enter into any transaction will be responsible for providing notice to the Board or Audit Committee, through the secretarial department of the Company of any potential Related Party Transaction involving the Company and the Related Party listed in the comprehensive list prepared and circulated by the Company Secretary of the Company.

#### **6. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

- i. In the event the Company becomes aware of a transaction with a Related Party that has not been approved/ratified in accordance with this Policy prior to its consummation or within 3 (three) months of from the date of transaction, the matter will be reviewed by the Audit Committee / Board. The Audit Committee / Board will consider all of the relevant facts and circumstances regarding the Related Party Transaction, and will evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee / Board will 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 will take any such action it deems appropriate.
- ii. In any case, where the Audit Committee / Board determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee / Board, as appropriate, may 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 Audit Committee / Board has authority to modify or waive any procedural requirements of this Policy which are not statutory or a requirement stipulated by any regulatory authority.

#### **7. COMPLIANCES**

- i. The Company will disclose in its financial statements the particulars of contracts or arrangements with Related Parties in the form prescribed by SEBI, as and when required.

#### **8. REVIEW AND AMENDMENT OF POLICY**

- i. This Policy will be reviewed as and when considered necessary by the Board, but at least once in every 3 (three) years.

**THIS POLICY IS ONLY AN INTERNAL POLICY AND ONE OF THE MEASURES FOR DEALING WITH RELATED PARTY TRANSACTIONS. YOU ARE REQUESTED TO UNDERSTAND AND OBSERVE THE SPIRIT AND THE INTENT BEHIND THIS POLICY. IT IS THE RESPONSIBILITY OF EACH AND EVERY INDIVIDUAL IN THE ORGANISATION AND INDIVIDUALS OTHERWISE ENGAGING IN RELATED PARTY TRANSACTIONS ENSURE COMPLIANCE WITH THE APPLICABLE LAWS FULLY.**