

**Jullundur Motor Agency (Delhi) Limited
("JMADL" / "COMPANY")**



**Policy on Materiality of
Related Party Transaction**
(Last Amended on 10th February, 2022)

PREAMBLE:

The Board of Directors (the “**Board**”) of Jullundur Motor Agency (Delhi) Limited (the “**Company**”) has adopted this policy on “Materiality of Related Party Transaction” (the “**Policy**”) upon recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“**RPT**”) in compliance with the requirements of Section 188 of the Companies Act, 2013 read with Rules made there under and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulation, 2015), as amended from time to time. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee. This Policy applies to transactions between the Company and one or more of its Related Party (ies). It provides a framework for governance and reporting of RPT including material transactions.

OBJECTIVE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Party (ies) in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirement(s) to ensure transparency in the conduct of RPT’s in the best interest of the Company and its shareholders/stakeholders and to comply with the statutory provisions in this regard.

DEFINITIONS

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| “ Audit Committee or Committee ” | Committee of the Board constituted from time to time under the provisions of Regulation 18 of Listing Regulations, 2015 and Section 177 of the Companies Act, 2013 |
| “ Associate ” | As defined under Section 2 (6) of the Companies Act, 2013 |
| “ Arm’s length ” | Transaction between two Related Parties that is transacted as if they were unrelated, so that there is no conflict of interest. |
| “ Board ” | As defined under Section 2 (10) of the Companies Act, 2013 |
| “ Key Managerial Personnel ” | As defined under Section 2(51) of the Companies Act, 2013 |
| “ Material Related Party Transaction ” | A transaction with a related party shall be considered material if – i) The transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or (10%) ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower ; or ii) A transaction involving payments to a related party with respect to brand usage or royalty 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; |
| “ Material modification(s) ” | All the modification(s) to the approved related party transaction(s) shall be material if, post approval: a. There is a change in type, terms and/ or particulars of the transaction, which in the opinion of Audit Committee is material in nature; |

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| | | <p>b. There is a change in tenure/ term of the transaction by 2 (Two) or more years in any direction;</p> <p>c. Value of the proposed transaction exceeds 50% of the value of approved transaction.</p> |
| “Related Party” | | <p>As defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:</p> <p>“Provided that:</p> <p>(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or</p> <p>(b) any person or any entity, holding equity shares:</p> <p>(i) of twenty per cent or more; or</p> <p>(ii) of ten per cent or more, with effect from April 1, 2023;</p> <p>in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year;</p> <p>shall be deemed to be a related party:”</p> <p>Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);</p> |
| “Related Transaction” | Party | <p>A transaction involving a transfer of resources, services or obligations between:</p> <p>(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or</p> <p>(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;</p> <p>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. It shall also explicitly include the following transactions:</p> <ul style="list-style-type: none"> ➤ Sale, purchase or supply of any goods or materials; ➤ Selling or otherwise disposing of, or buying property of any kind; ➤ Leasing of property of any kind; ➤ Availing or rendering of any services; ➤ Appointment of any agent for the purchase or sale of goods, materials, services or property; ➤ Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; ➤ Underwriting the subscription of any securities or derivatives thereof, of the Company; ➤ Financing (including loans and equity contributions in cash or kind, intercorporate deposits, advances or investments made or given by the Company or its subsidiary); ➤ Providing or obtaining guarantees and collaterals; and |

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| | <p>Provided that the following shall not be a related party transaction:</p> <p>(a) 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;</p> <p>(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:</p> <ol style="list-style-type: none"> i. payment of dividend; ii. subdivision or consolidation of securities; iii. issuance of securities by way of a rights issue or a bonus issue; and iv. buy-back of securities. <p>(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:</p> <p>(d) Remuneration paid to key management personnel (KMP), if such KMP are not a related party of the Company or its subsidiary in any other manner, and the appointment of such KMP has been made by the Board on the recommendation of the Nomination and Remuneration Committee of the Company;</p> <p>Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);</p> |
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POLICY

The Audit Committee shall review and approve all Related Party Transactions and subsequent material modifications based on this Policy. All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution. All proposed Related Party Transactions and subsequent material modifications must be reported to the Committee for prior approval, in accordance with this Policy. In the case of frequent / regular / repetitive transactions which are in the normal / ordinary course of business of the Company, the Committee may grant standing pre -approval / omnibus approval, details whereof are given in a separate Section of this Policy. In exceptional cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances or due to extreme urgency, the Committee may ratify the transactions in accordance with this Policy.

IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director, Key Managerial Personnel, Promoter including Member of Promoter Group, Functional / Business heads / Chief Financial Officer and every person or entity holding 20% or more equity shares of the Company (10% or more w.e.f. April 1, 2023) will be responsible for providing prior Notice to the Company Secretary of any potential RPT(s) and subsequent material modifications. They will also be responsible for providing additional information about the transaction(s) that in addition to the information to be furnished before the Stock Exchange in

accordance with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time, the Board or the Committee may request that the relevant information be placed before the Committee and the Board.

Every Director, Promoter, Member of the Promoter Group, Key Managerial Personnel and every person or entity holding 20% or more equity shares of the Company (10% or more w.e.f. April 1, 2023) will also be responsible to update the Company Secretary of any change(s) in the above relationship(s), directorship(s), holding(s), interest(s) and / or control(s) immediately on him / her/it becoming aware of such event(s).

The Company strongly prefers to receive such notice of any potential RPT(s) and subsequent material modifications well in advance so that the Committee/ the Board has adequate time to obtain and review information about the proposed transaction(s).

The Company Secretary in consultation with the Chief Financial Officer may refer any potential RPT(s) and subsequent material modifications to any external legal consultant(s)/transfer pricing expert and the outcome or opinion of such external party (ies) shall be brought to the notice of the Committee / the Board. Based on this Notice, the Company Secretary will take it up for necessary approvals under this Policy.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION(S)

All Related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

- a. 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 per cent 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 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 per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- c. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, are applicable to such listed subsidiary.
- d. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (c) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Audit Committee shall take into account 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, and any other relevant matters.

Prior to the approval, the Audit Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a) Whether the terms of the RPT's are in the ordinary course of the Company's business and are on an arm's length basis;
- b) The business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- c) Whether the RPT includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d) Whether the RPT would affect the independence or present a 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, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Committee deems relevant.

While considering the arm's length nature of the transaction, the Audit Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Audit Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

In addition to the above the Audit Committee shall also review following information before approving the proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

The Audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

APPROVAL BY THE BOARD

If the Audit Committee determines that a RPT(s) 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 Board to approve the RPT(s), then the Board shall consider and approve the RPT(s) at a meeting 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.

STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In case of frequent / regular / repetitive transactions which are in the normal / ordinary course of business of the Company, the Committee may grant standing Pre-approval / Omnibus Approval. While granting the approval, the Audit Committee shall satisfy itself of the need for the Omnibus Approval and that same is in the interest of the Company. The Omnibus Approval shall specify 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; and
- 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 Committee for each specific transaction(s) unless there is any material modification to the transaction. Any material modification to these factors shall require a prior approval of the Committee.

Further, where the need of the RPT(s) cannot be foreseen and all prescribed details are not available, the Committee may grant Omnibus Approval subject to the value per transaction which shall not exceed INR 1,00,00,000/- (Rupees One Crore only). The details of such transaction(s) shall be reported at the next meeting of the Board of Directors for ratification. Further, the Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given to ensure that they are in compliance with this Policy. The Omnibus Approval shall be valid for a period of 1 (One) year and fresh approval shall be obtained after the expiry of 1 (One) year.

APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

All Material RPT(s) and subsequent material modifications in excess of the limits as specified under the provisions of Section 188 and any other section, if applicable, of the Companies Act, 2013 & rules made thereunder and also, read with Listing Regulations, 2015, shall require prior approval of the shareholders through Ordinary Resolution or Special Resolution, as may be required, in accordance with the provisions of the Companies Act, 2013 and Listing Regulations, 2015 and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. All RPT(s) which are over and above of aforesaid limits and which are not in the Ordinary Course of Business or not at Arms' Length basis, shall also require the prior approval of the shareholders through Ordinary Resolution or Special Resolution, as may be required, in accordance with the provisions of the Companies Act, 2013 and Listing Regulations, 2015 and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Prior approval of the shareholders 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 Listing Regulations, 2015, are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

However, prior approval of the shareholders shall not be required if RPT entered into between:

- a. two government companies;
- b. a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- c. 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.

INFORMATION TO BE PROVIDED TO SHAREHOLDERS FOR CONSIDERATION OF RPTs

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the Company to the audit committee as specified above;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified above;
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a RPT(s) that has / have not been approved or ratified under this Policy, the transaction(s) shall be placed as promptly as practicable before the Committee or the Board or the Shareholders as may be required in accordance with this Policy for review and ratification. The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction(s) and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction(s), and the Company shall take such action as the Committee deems appropriate under the circumstances.

DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

Every RPT(s) entered into by the Company shall be referred to in the Board's Report to the shareholders along with justification for entering into such transaction(s). Chief Financial Officer shall be responsible for such disclosure.

The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

SCOPE LIMITATION

In the event of any conflict between the provisions of this Policy and of the Listing Regulations, 2015 / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations, 2015 / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

DISSEMINATION OF POLICY

Either this Policy or an important provision(s) of this Policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the intra-net and website of the Company and web link thereto shall be provided in the Annual Report of the Company.

DISCLOSURE OF RELATED PARTY TRANSACTIONS

The Company shall submit to the stock exchanges disclosures/details of related party transactions in the format as specified by SEBI from time to time, and publish the same on its website:

Provided that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.”

MODIFICATION OF POLICY

The Board in consultation with the Committee shall have the power to amend any of the provision(s) of this Policy and or substitute any of the provision(s) with a new provision and or replace this Policy entirely with a new Policy. The Board shall also review this Policy once at least once three (3) years.