



**JD ORGOCHEM LIMITED**

**POLICY ON MATERIAL RELATED PARTY TRANSACTION**

## 1. PREFACE

The Board of Directors, hereinafter referred to as “the Board” of JD Orgochem Limited has adopted Related Party Transactions Policy, hereinafter referred to as “this Policy” to set forth the procedures under which transactions with Related Parties and materiality thereof shall be ascertained and considered subsequently for approval.

This Policy also aims to comply with the provisions of Section 188 of the Companies Act 2013 and Regulation 23 of the SEBI ( Listing Obligations and Disclosure Requirements) 2015. This Policy applies to transactions between the Company and one or more of its Related Party (ies) as defined herein below. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.

## 2. OBJECTIVE

The objective of the Policy is to ensure compliance by way of proper disclosure, reporting and approval of transactions as applicable between the Company and any of its related party in the best interest of the Company and its stakeholders.

## 3. DEFINITIONS

- a) **Related Party** - means a related party as defined under sub-section 2 of section 76 of the Companies Act, 2013 or under the applicable accounting standards.

Provided that any person or entity belonging to the promoter or promoter group of the Listed Entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

- b) **Related Party Transaction** - means a transfer of resources, services or obligations between a listed entity 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.
- c) **Material Related Party Transaction** - A transaction with a related party shall be considered material 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 listed entity as per the last audited financial statements of the listed entity.
- d) **Significant Related Party Transaction** – means a transaction as defined by the audit committee of the Company to be known as a significant related party transaction.
- e) **Audit Committee** – means a committee of the Board of Directors of the Company as constituted under the relevant provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to function as an Audit Committee.
- f) **Board of Directors** - means Board of Directors of JD Orgochem Limited.

## 4. PROCEDURE

- a) **Role of Audit Committee**

- I. All transactions which are identified as a related party transactions (‘RPT’) should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the RPTs for its approval.

II. All RPTs shall require prior approval of the Audit Committee. Approvals may be of the following two types:

- Specific approval, in case of each RPT, where the RPT is non-repetitive in nature; and
- Omnibus approval, in case of such RPTs which are repetitive in nature. However such omnibus approval must be given by the Audit Committee subject to the requirements under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the criteria laid down by the Audit Committee with respect to granting of the omnibus approval.

III. The Audit Committee shall review with the management the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to disclosure of any RPTS.

IV. The Audit Committee shall mandatorily review the statement of significant RPTs (as defined by the Audit Committee), submitted by management.

**b) Role of the Board of Directors of the Company**

- I. The Board must monitor and manage any potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in RPTs.
- II. The Board must comply with the provisions of the Companies Act, 2013, with respect to the RPTs within the meaning of that Act.
- III. The Board must coordinate with the Audit Committee for effective compliance of the provisions relating to the RPT.
- IV. It is the duty of the Board along with the Audit Committee to place all the material RPTs before the shareholders for their approval by means of a resolution.

**c) Role of Shareholders**

- I. All the material RPTs within the meaning of the Regulations shall require approval of the shareholders of the company through special resolution.
- II. If a related party is a party to any material RPT, then such related party shall abstain from voting on the resolution with respect to such material RPT.
- III. All the RPTs within the meaning and as specified in the relevant provisions of the Companies Act, 2013, which requires shareholders approval, must only be entered into with the approval of the shareholders along with other requirements specified under the relevant provisions.

**d) DISCLOSURE REQUIREMENTS**

- I. Details of all material RPTs shall be disclosed quarterly along with the compliance report on corporate governance.
- II. Also disclosure of RPTs must be made as required under the relevant provisions of the Listing Regulations.
- III. Disclosure with regard to the RPTs must also be made in accordance with the provisions of the Companies Act, 2013.

## **5. LIMITATION AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Listing Regulations or the Companies Act, 2013, the provisions of such Listing Regulations or the Companies Act, 2013 shall prevail over this Policy.

The Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of Companies Act, 2013, including rules thereof and / or the provisions of Listing Regulations.