

POLICY ON MATERIAL RELATED PARTY TRANSACTION

INTRODUCTION

The Board of Directors ('the **Board**') JD Orgochem Limited ('the Company') has approved and will adopt a policy on materiality of related party transactions and on dealing with related party transactions under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) 2015 ('the Regulations'), with effect from 01st December 2015.

The Audit Committee will review the Policy as and when required and recommend to the Board for their approval the amendments to be made in the Policy from time to time.

OBJECTIVE OF THE POLICY

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.

DEFINITIONS

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

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.

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.

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.

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 Listing Regulations (Clause 49 of the erstwhile Listing Agreement), to function as an audit committee.

Board of Directors means Board of Directors of the Company.

PROCEDURE

A. Role of Audit Committee ('AC')

1. 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.
2. All RPTs shall require prior approval of the AC. Approvals may be of the following two types:

- a. Specific approval, in case of each RPT, where the RPT is non-repetitive in nature; and
 - b. Omnibus approval, in case of such RPTs which are repetitive in nature. However such omnibus approval must be given by the AC subject to the requirements under Regulation 23(3) of the Regulations and the criteria laid down by the AC with respect to granting of the omnibus approval.
3. The AC 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.
 4. The AC shall mandatorily review the statement of significant RPTs (as defined by the AC), submitted by management.

B. Role of the Board of Directors of the Company

1. 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.
2. The Board must comply with the provisions of the Companies Act, 2013, with respect to the RPTs within the meaning of that Act.
3. The Board must coordinate with the AC for effective compliance of the provisions relating to the RPT.
4. It is the duty of the Board along with the AC to place all the material RPTs before the shareholders for their approval by means of a resolution.

C. Role of Shareholders

1. All the material RPTs within the meaning of the Regulations shall require approval of the shareholders of the company through special resolution.
2. 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.
3. 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.

DISCLOSURE REQUIREMENTS

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

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 the Listing Agreement.