

RELATED PARTY TRANSACTION POLICY

PREAMBLE

The Board of Directors of The India Jute and Industries Limited ('the Company') had approved and adopted the Related Party Transaction Policy. The Securities and Exchange Board of India ("SEBI") vide its Notification dated September 02, 2015 has issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"). In order to align with the Regulations, the said Policy is being suitably modified / altered.

Pursuant to Regulation 23 of Regulations, all the listed companies need to formulate a policy on materiality of related party transactions and also a policy on dealing with related party transactions.

Accordingly, the Related Party Transaction Policy is being modified / altered / amended in compliance with the requirements of Section 188 of the Act and Rules made there under and the Regulations, in order to ensure the transparency and procedural fairness of such transactions.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company. The Audit Committee will review and may amend this policy from time to time.

OBJECTIVE

This policy is intended to ensure the proper approval and reporting of transactions as applicable, between the Company and any of its related party in the best interest of the Company and its Stakeholders.

The Policy and procedures have been designed to achieve due and timely compliance with the statutory requirements governing related party transactions by ensuring that:

- Related Parties are identified;
- Related Party Transactions are evaluated;
- Necessary approvals are obtained;
- Related Party Transactions are recorded; and
- Proper disclosures of the Policy and the Related Party Transactions are made including disclosure of all transactions in the Annual Financial Statements.

This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related parties. 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.

DEFINITIONS

“Associate Company” according to section 2(6) of the Act, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of Regulation 18 of the Regulations and Section 177 of the Companies Act, 2013.

“Arms Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

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

“Control” as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

“Key Managerial Personnel” means Key Managerial Personnel as defined under Section 2(51) of the Companies Act, 2013 and the rules made thereunder.

“Policy” means Related Party Transaction Policy.

“Related Party” as per section 2(76) of the Act, with reference to a Company, means-

- i) a director or his relative ;
- ii) a key managerial personnel or his relative ;
- iii) a firm, in which a director, manager or his relative is a partner ;
- iv) a private company in which a director or manager or his relative is a member or director;
- v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi) any Body Corporate whose Board of Directors, Managing Director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
- vii) any person under whose advice, directions or instructions a director or manager is accustomed to act :
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii) any company which is —
 - a) a holding, subsidiary or an associate company of such company; or

- b) a subsidiary of a holding company to which it is also a subsidiary;
- c) such other person as may be prescribed.

“Related Party Transaction” as per Section 188 of the Act, means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

“Relative” as per section 2(77) of the Act, with reference to any person, means any one who is related to another, if –

- a. they are members of a Hindu Undivided Family;
- b. they are husband and wife; or
- c. As prescribed in the Act- A person shall be deemed to be relative of another if he or she is related to another in the following manner named:-
 - i) Father (including step father)
 - ii) Mother (including step mother)
 - iii) Son (including step son)
 - iv) Son’s wife
 - v) Daughter
 - vi) Daughter’s husband
 - vii) Brother (including step brother)
 - viii) Sister (including step sister)

POLICY

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

1. Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee /Board has adequate time to obtain and review information about the proposed transaction. All Related Party Transactions shall require prior approval of the Audit Committee.

2. Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party

Transactions proposed to be entered into by the company subject to the following conditions:

- 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. Such omnibus approvals shall be valid for a period not exceeding one year from the date of the passing of the omnibus resolution and shall require fresh approvals after the expiry of one year. Further, the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.

Further, all Material Related Party Transactions shall require approval of the shareholders by appropriate resolution and all entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

3. Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will disclose the same and abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a. Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

- b. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction would affect the independence of an independent director;
- d. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- e. Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- f. Whether the Related Party Transaction would present an improper 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, Executive Officer or other Related Party, the direct or indirect nature of the director's, 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 Board/Committee deems relevant.

4. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as it may deem 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 CommitteeS has authority to modify or waive any procedural requirements of this Policy.

MATERIALITY OF RELATED PARTY TRANSACTION

Pursuant to Regulation 23 Regulations transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10 percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company.

All Material Related Party Transactions shall require approval of shareholders of the Company through resolution and the Related Parties shall abstain from voting on such resolution(s). The transactions entered should be on arms' length basis.

MATERIAL SUBSIDIARIES

Pursuant to Regulation 16 of the Regulations, a subsidiary in which the investment of the Company exceeds twenty per cent of its consolidated net worth as per the audited balance sheet of the previous financial year or if the Subsidiary has generated twenty per cent of the consolidated income of the Company during the previous financial year shall be considered as a 'Material Subsidiary'.

No Company shall dispose off shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50 per cent or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

Selling, disposing and leasing of assets amounting to more than twenty per cent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal

DISCLOSURES

- a. Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- b. The Company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.
- c. The Company shall disclose this policy relating to Related Party Transactions on its website and also in the Annual Report.

EXEMPTIONS

Nothing contained in this policy shall apply to any contract or arrangement—

- a. in the ordinary course of its business;
- b. at arms' length price;
- c. service availed in a professional capacity from body corporate/person;
- d. The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:
 - transaction(s) done in ordinary course of business at arm's length;
 - receipt of remuneration by way of sitting fees;

- re-imbursement of expenses for attending board and other meetings;
- any profit related commission as approved by members.

AMENDMENTS

The Board of Directors reserve the rights to amend, suspend, review, modify or rescind this Policy in whole or in part, at any time without assigning any reason whatsoever. The Company has made best efforts to define detailed procedures for implementation of this policy, there may be occasions when certain matters are not addressed or there may be ambiguity in the procedures. Such difficulties or ambiguities will be resolved in line with the broad intent of the policy.