



Related Party Transactions Policy

Policy for Determining Material Related Party Transactions

1. Preamble

The Board of Directors (the "Board") of Reliance Jute Mills (International) Limited ("the Company") has adopted the following policy and procedures with regard to Related Party Transactions (hereinafter referred as "RPT") that the Company may enter into from time to time, in compliance with the requirements of Section 188 of the Companies Act, 2013 & Rules made there under (the "Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations).

The Board of Directors will review and amend this policy from time-to-time as and when necessary or required. The Audit Committee/Board/General Meeting, as applicable shall, subject to requirements of the Act and this Policy review, approve and ratify (if permissible) the RPTs in terms of the requirements of this Policy.

2. Purpose

The policy is not only in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013 and the Listing Regulations. Pursuant to Regulation 23 of the Listing Regulations, a policy needs to be formulated to deal with Related Party Transactions including formulating a policy on materiality of Related Party Transactions. This policy therefore lays down the mechanism to deal with Related Party Transactions.

3. Definitions

All the terms used and defined herein are in addition to those defined in the Act, Listing Regulations or any other applicable law or regulation:

"Act" means the Companies Act, 2013 ('Act') read with the Rules thereto including any subsequent amendments thereof.

"Audit Committee" or "Committee" means the Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013.

"Board" means Board of Directors of the Company.

"Key Managerial Personnel" or "KMPs" means a key managerial personnel as appointed by the Board in accordance with Act.

"Material Related Party Transaction" means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds the thresholds as defined under the Companies Act, 2013 or Regulations.



"Policy" means this Related Party Transaction Policy.

"Related" or "Related Party" has the meaning assigned to such term under the Act.

"Related Party Transaction" has the meaning assigned to such term under the Act.

"Relative" has the meaning assigned to such term under the Act. Capitalised term used in this Policy but not defined shall have meaning assigned to such term in the Act and the Regulations (as applicable).

"Arm's 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.

Pricing may not be the only determinant of a transaction being at arm's length though it is an important factor. Therefore, the Company would apply judgment to conclude whether a transaction can be considered to be on an arm's length basis. The following has been considered to be helpful in concluding whether a transaction is on an arm's length basis:

The transaction is as per the prevailing price list / pricing policy / market price / at the same price (or margin) at which entered into with independent third parties.

4. Policy

Except as otherwise provided in this Policy, all Related Party Transactions shall be reported to & placed for approval of Executive Chairman and Managing Director and prior approval of Audit Committee is required in accordance with this Policy.

Identification of Material Related Party Transactions

- a) The Company shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies in accordance with this Policy, along with their personal/company details including any revisions therein.
- b) The Related Party List shall be updated whenever necessary and shall be reviewed quarterly.
- c) The Company Secretary shall collate the information, coordinate and send the Related Party List to the concerned employees viz. Executive Chairman, Managing Director, Chief Executive Office, Chief Financial Officer, Finance & Accounts Department and who he/she believes might be in the position to know the possible conduct of RPTs.
- d) The concerned employees shall submit to the Company Secretary the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate.
- e) Based on this note, Company Secretary shall appropriately take up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the originator.



- f) Each Director/Key Managerial Personnel shall be responsible for providing written notice to the Company Secretary of any potential RPT involving him or her or his or her Relatives, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary shall, in consultation with other members of senior management and with the Audit Committee, as appropriate, determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.
- g) Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he or she shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his/her concern or interest forthwith when he or she becomes concerned or interested at the first meeting of Board held after he or she becomes concerned or interested.
- h) A contract or arrangement entered into by the Company without disclosure or with participation by a Director/ Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- i) The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of RTP after its commencement or even its completion may be appropriate in some circumstances.

Related Party Transactions that shall not require Approval

Following transactions shall not require separate approval under this policy:

- a) Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;
- a) Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- b) Payment of Dividend;
- c) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or the Equity Listing Agreement;

Material Related Party Transaction

- a) All Material Related Party Transactions shall be placed for prior approval of shareholders through Special Resolution. However, the Material Related Party Transactions entered between the Company and its wholly owned subsidiaries, if any, shall not require prior approval of shareholders.



- b) A 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 exceed ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

5. Approval

All RPTs shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of RPTs. Chief Financial Officer will refer RPTs to Audit Committee for approval.

- I. In summary, prior approval of Audit Committee is required for the following Related Party Transactions:
- i) Where Company is a party
 - ii) Where subsidiary of the Company is a party but the Company is not a party, 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.
 - iii) With effect from April 1, 2023, where subsidiary of the Company is a party but the Company is not a party, 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;
 - iv) Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related Parties of the Company or any of its subsidiaries.
- II. The Audit Committee will take into account following considerations while dealing with the RPTs:
- ✓ Nature of relationship with the related party;
 - ✓ Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
 - ✓ Method and manner of determining the pricing and other commercial terms;
 - ✓ Whether the transaction is at arm's length; and
 - ✓ Any other information relevant or important for the Audit Committee/ Board to take a decision on the proposed transaction.
 - ✓ Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise); Tenure of the proposed transaction (particular tenure shall be



specified); Value of the proposed transaction The percentage of the listed entity'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) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity 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.
 - Justification as to why the RPT is in the interest of the listed entity;
 - A copy of the valuation or other external party report, if any such report has been relied upon;
 - Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- III. Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction. Only members of the Audit Committee who are independent members shall approve all Related Party Transactions.

6. Omnibus Approval

- i. The Audit Committee shall take into account following considerations while granting omnibus approval for RPTs, of repetitive nature:
 - Criteria specified by the Audit Committee under Rule 6A of the Companies (Meetings of Board & Its Powers) Rules, 2014 after approval of the Board;
 - Nature of relationship with the related party;
 - Nature, material terms and conditions, monetary values and particulars of the contract or arrangement;
 - Method and manner of determining the pricing and other commercial terms;



- Justification for need of omnibus approval;
 - Whether the transaction is at arm's length and in ordinary course of business; and
 - Any other information relevant or important to take a decision on the proposed transaction.
- ii. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Listing Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- iii. The Audit Committee shall review on a quarterly basis the details of RPTs entered into by the Company pursuant to omnibus approval.
- iv. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

7. Board Approval

The Board shall approve RPTs, which are not in ordinary course of business and/or not at arm's length.

Where the Audit Committee does not approve the RPTs, it shall make its recommendations to the Board for approval.

If prior approval of Board or Shareholders has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

8. Shareholders' Approval

All material RPTs defined under Regulation 23 of Listing Regulations, whether in ordinary course of business and/or arm's length basis or not, shall require approval of the Board and shareholders, and the related parties shall abstain from voting on such resolutions irrespective of whether the entity is a party to the particular transaction or not.

RPTs exceeding the limits prescribed under the Act and not in ordinary course of business and/or arm's length basis shall require prior approval of the Board and Shareholders, respectively.

Contracts/arrangements with Group Companies would result in RPTs. Generally, such contracts/ arrangements would be in the ordinary course of business.

Once such contracts/ arrangements are approved by the Audit Committee, transactions arising out of same would not be subject to evaluation when they are executed. The process will be monitored by CFO continuously.



9. Disclosure

Appropriate disclosures as required under the Act and the Listing Regulations shall be made in the Annual Return, Directors Report and to the Stock Exchanges.

10. Applicability & Amendment

Any changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board or Chief Financial Officer of the Company subject to approval of Audit Committee. The Audit Committee/ Board will give suitable directions/ guidelines to implement the same. The Policy shall be reviewed by the Audit Committee and the Board every three years.

In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.
