



**POLICY ON MATERIALITY OF AND DEALING WITH
RELATED PARTY TRANSACTIONS
J.B. CHEMICALS & PHARMACEUTICALS LIMITED**

Registered office: Neelam Centre, B Wing, 4th Floor,
Hind Cycle Road, Worli,
Mumbai – 400 030

1. Version control

Version	Date	Remark
V.1	19-11-2014	Policy approved and adopted by the Board w.e.f 1-10-2014
V.2	25-06-2020	Policy reviewed and modified.
V.3	22-03-2022	Policy reviewed and modified pursuant to amendments notified in SEBI LODR regulations.

2. Approval matrix

Policy version	V.3	Effective date:	1 st April, 2022
Prepared by:	Name	Designation	Date and signature
Secretarial department	Sandeep Phadnis	VP Secretarial & Company Secretary	
Authorized by:	Name	Designation	Date and signature
Board of directors	Nikhil Chopra	Chief Executive Officer & Whole-time director	

3. Preamble

- a. J. B. Chemicals & Pharmaceuticals Limited ("JBCPL" or "the Company") is committed to adhere to the highest standards of Corporate Governance for the purpose of ensuring efficiency in the conduct of its business operations in a fair and transparent manner. JBCPL considers transactions with related parties a common phenomenon and integral part of doing a business. However, transactions with related parties cast an obligation on the management and the Board of Directors to ensure that the terms and conditions of such transactions are not prejudicial to larger interest of the shareholders.
- b. This Policy "Policy on Materiality of and dealing with Related Party Transactions" ("the / this "Policy") has been framed in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") as amended from time to time.

4. Definitions

- a. **“Related Party”** means a party related to the Company:
 - (i) within the meaning of Section 2(76) of the Companies Act, and
 - (ii) within the meaning of Regulation 2 of the LODR Regulations.
- b. **“Related Party Transaction”** means:
 - (i) a transaction as specified under section 188 of the Companies Act, 2013 between the Company and Related Party within the meaning of Section 2(76) of the Companies Act, and
 - (ii) within the meaning of Regulation 2 of the LODR Regulations.
- c. **Material Related Party Transaction** means:

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 rupees one thousand crore or 10% of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower or such limits as may be prescribed in the LODR Regulations from time to time.

The above stated criteria of materiality is only for the purposes of compliance with provisions of Regulation 23 of the LODR Regulations.
- d. **“Material Modification”** if a modification in the terms and conditions of any ongoing RPT, as originally approved by the Audit Committee and/ or, Board/ Shareholders, having an impact on the nature, value, tenure, exposure or financial terms of such a transaction as under:
 - The terms of the contract cease to be arms’ length;
 - Any modification of pricing, value, mode of repayment, etc., of a contract which has a financial implication of 15% or more of the contract, or Rs.5 crores, whichever is higher;
 - Granting of any waiver, abatement or any other relief to either party, which results into a financial implication equal to 10% or more of the value of the contract;
 - Extension of tenure of the contract by 25% or more of the original tenure, or continuation of the contract or arrangement beyond the tenure originally agreed upon, except for completion of any residual performances;

5. Review and Approval of Related Party Transactions:

Audit committee

Prior approval of the audit committee shall be required for:

- All Related Party Transactions and subsequent material modifications
- A related party transaction to which the Company's subsidiary is a party but the Company is not a party and if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% the annual consolidated turnover, as per the last audited financial statements of the Company or such other percentage calculated in such manner as may be prescribed under LODR Regulations from time to time.

Only those members of the Audit Committee, who are independent directors shall approve the Related Party Transactions.

The Audit Committee shall review all relevant information in respect of Related Party Transactions placed before it for approval as required under the Companies Act and LODR Regulations. The Audit Committee may approve a Related Party Transaction if it determines that, based on all the information presented, the transaction does not affect adversely interest of the Company as a whole. The Audit Committee may impose such terms and conditions on the Company or the Related Party in connection with approval of Related Party Transaction and send such recommendation to the Board for approval.

In the event that it is impracticable or undesirable to wait until a next scheduled meeting of the Audit Committee to enter into a Related Party Transaction, such transactions may be approved by the Audit Committee by circular resolution based on this Policy and statutory and regulatory provisions in force.

Omnibus Approval

- a. The Audit Committee of the Company may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:
 - i. The transactions are repetitive in nature.
 - ii. The transactions are in the best interest of the Company.
- b. Such omnibus approval shall specify the following:
 - (i) the name/s of the related party,
 - (ii) nature of transaction,
 - (iii) period of transaction,
 - (iv) maximum amount of transaction that can be entered into indicating clear threshold limits that can be entered,
 - (v) the indicative base price / current contracted price,

- (vi) the formula for variation in the price if any,
- (vii) whether the transaction is at arms-length and in ordinary course of business, and
- (viii) 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 and transaction is in ordinary course of business, audit committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 10 crores per transaction subject to overall limit of Rs. 25 crores.

- c. 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 approval given.
- d. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- e. In case any member of the Committee is interested in any potential Related Party Transaction, such member shall abstain from voting when such transaction is being considered.

In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

Approval of the Board of Directors

If the Audit Committee determines that a Related Party Transaction should be brought before the Board or if the Board in any case elects to review any such transaction or it is mandatory under law to seek Board's approval for Related Party Transactions, then the Board shall consider and approve such Related Party Transactions at its meeting and the considerations set forth above shall apply to Board's review and approval of such transaction

Where any director is concerned or interested in any potential Related Party Transaction, such director shall abstain from discussion and voting when such transaction is being considered.

Approval of the Shareholders of the Company

The following Related Party Transactions shall be subject to prior approval of shareholders of the Company by way of a resolution:

- i. All Material Related Party Transactions and subsequent material modifications;
- ii. All Related Party Transactions within the meaning of Section 188 of the Companies Act, 2013 in excess of the limit prescribed under the said Section.

No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not. For related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the shareholders of the listed subsidiary shall suffice.

In the event any contract or arrangement with a related party is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.

Disclosure

The Company shall disclose the Related Party policy on its website.

Details of Related Parties Transactions shall be provided in such format and in such manner as may be prescribed under LODR Regulations from time to time.

Review and amendment

This policy shall be reviewed periodically in a manner to comply with LODR Regulations.