



**POLICY ON MATERIALITY OF RELATED PARTY
TRANSACTIONS AND DEALING WITH RELATED
PARTY TRANSACTIONS**

OF

S.J.S. ENTERPRISES LIMITED

Sl. No.	Particulars	Date
1.	Policy adopted	19.07.2021
2.	Amended	09.02.2023

Introduction

The Securities Exchange Board of India (SEBI), on September 2, 2015, notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**the Regulations**”).

As per Regulation 23 of the Regulations, S.J.S. Enterprises Limited (the “**Company**”) has adopted a policy namely “**Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions**” (the “**Policy**”) to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

The Board had adopted the related party transactions policy at its meeting held on 19th July, 2021.

Definitions

“**Act**” means Companies Act, 2013, rules framed thereunder and any amendments thereto.

“**Arm’s Length Transaction**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

“**Associate Company**” 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 as per sub-section (6) of Section 2 of the Act.

Explanation: For the purpose of Associate Company (i) "Significant Influence" means control of at least 20% (twenty percent) of total voting power, or control of or participation in business decisions under an agreement; and (ii) "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

“**Audit Committee or Committee**”: Audit Committee is the committee which is constituted by the Company pursuant to section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of the Regulations.

“**Board**” means Board of Directors of the Company, as defined under the Act.

“**Body Corporate**” or corporation includes a company incorporated outside India as per sub-section (11) of Section 2 of the Act, but does not include—

- (i) a co-operative society registered under any law relating to co-operative societies; and
- (ii) any other Body Corporate (not being a company as defined in this Act), which the Central Government may, by notification, specify in this behalf;

“**Control**” shall include 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 as per sub-section (27) of Section 2 of the Act.

“**Compliance Officer**” means Company Secretary of the Company.

“**Holding Company**” in relation to one or more Companies means a Company of which such Companies are Subsidiary Companies as per sub-section (46) of Section 2 of the Act.

“Key Managerial Personnel” or “KMP” shall have the same meaning as defined in sub-section (51) of Section 2 of the Act.

“Material Related Party Transaction(s)” means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered individually or taken together with the previous transactions during a financial year exceed 5% of the annual consolidated turnover of the Company as per its last audited financial statements of the Company.

“Material Modification(s)” means and includes any modification to an existing Related Party Transactions, having variance of 10% in value of the transaction or Rs. 2 crore whichever is lower, to the existing Related Party Transaction which is already approved by the Audit Committee or Board or Shareholders, as the case may be, or such modification as may be decided by the Audit Committee.

“Materiality Threshold” means Related Party Transactions for which shareholders’ approval is required due to any of the following:

- limits exceeding beyond the thresholds defined under ‘Material Related Party Transaction(s)’ hereinabove
- the transactions falling under Section 188(1) of the Act read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time, exceeds limits provided under the said rules.

“Net Worth” means the aggregate value of the paid-up Share Capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as per sub-section (57) of Section 2 of the Act.

“Related Party” means a related party as defined under the Act read with Regulation 2(zb) of the Regulations and as amended from time to time.

“Relative” means any person as per sub-section (77) of Section 2 of the Act and rules prescribed there under and as per Regulation 2(1) (zd) of the Regulations as amended from time to time, means anyone who is related to another, if

- (i) They are members of a Hindu Undivided Family; or
- (ii) They are husband or wife; or
- (iii) One person is related to the another in the following manner, namely:
 - (a) Father, includes step-father
 - (b) Mother, includes step-mother
 - (c) Son includes step-son

- (d) Son's wife
- (e) Daughter
- (f) Daughter's husband
- (g) Brother includes step-brother
- (h) Sister includes step-sister

“Related Party Transaction(s)” shall have the meaning as defined under Regulation 2(1) (zc) of the SEBI Listing Regulations or as envisaged in Section 188(1) of the Companies Act, 2013 and any rules or amendments made thereunder.

“Securities” means the Securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

“Subsidiary Company” or **“Subsidiary”**, in relation to any other Company (that is to say the Holding Company), as per the sub-section (87) of Section 2 of the Act means a Company in which the Holding Company

- (i) Controls the composition of the Board of Directors; or
- (ii) Exercises or controls more than 1/2 (one-half) of the total voting power either at its own or together with one or more of its Subsidiary Companies.

“Shareholders” means the shareholders of the Company.

“Office or Place of Profit” as per Section 188 of the Act means any office or place:

- (i) where such office or place is held by a Director, if the Director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a Director or by any firm, Private Company or other Body Corporate, if the individual, firm, Private Company or Body Corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

All other words and expressions used but not defined in the Policy but defined in the SEBI Act, 1992, the Act, the Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/ or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

Procedure for approving Related Party Transactions

1) AUDIT COMMITTEE:

- All Related Party Transactions and subsequent material modifications shall require the prior approval of the Audit Committee of the listed entity at a Meeting of the Audit Committee or by way of circulation, if not restricted elsewhere by the Act or Regulations.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

- (i) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- (ii) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 listed entity;
- (iii) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (iv) above, the prior approval of the audit committee of the listed subsidiary shall suffice.”

- As per the terms of reference approved by the Board, the Company may obtain omnibus approval from the Audit Committee for Related Party Transactions in accordance with the Act and the Regulations.
- The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval:
 - (i) Repetitiveness/ frequency of the transaction;
 - (ii) Justification for the need of Omnibus Approval.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company.
- The Audit Committee shall specify the criteria for making the omnibus approval which shall include the following conditions:
 - maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year;
 - the maximum value per transaction which can be allowed;
 - extant and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;

- review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered by the Company pursuant to each of the omnibus approval made;
 - transactions which cannot be subject to the omnibus approval by the Audit Committee.
- The omnibus approval shall contain the following information:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transactions that can be entered into;
 - The indicative base price/current contracted price and the formula for variation in the price, if any,
 - 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 to take a decision on the proposed transaction.
 - In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 (one) crore per transaction.
 - 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 and such transactions shall be placed before the Board within a period of 3 (three) months from the date of transaction for approval/ ratification of the Board, if required.
 - Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
 - As per the provisions of the Act and the sub-regulation (5) of Regulation 23 of the Regulations, transactions entered into between:
 - a) the Company and its Wholly Owned Subsidiary whose accounts are consolidated with such Holding Company and placed before the Shareholders at the General Meeting for approval; and
 - b) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meetingare exempted from obtaining prior approval of Audit Committee for Related Party Transaction(s).

2) **BOARD OF DIRECTORS**

- As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section, which are not in the ordinary course of business or on an arm's length basis, shall

be placed before the Board for its approval. Such approval shall be granted only by means of a Resolution passed at a Meeting of the Board. The Company may, if it considers necessary and shall if the Audit Committee or Board so requires, seek external professional opinion to determine whether an RPT is in the ordinary course of business and/ or at arms' length.

- In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:
 - Transactions which may be in the ordinary course of business and at arm's length basis, but which, as per the Policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
 - Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
 - Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
 - Material RPTs and subsequent material modifications to such transactions, which are intended to be placed before the shareholders for approval.
- Where any director is interested in any contract or arrangement with a related party, such director shall not participate during discussions and vote on the subject matter of the resolution related to such contract or arrangement.

3) SHAREHOLDERS

- Any Related Party Transactions which are not in the ordinary course or not Arm's Length Transactions and exceeding the limit set forth in Section 188 of the Companies Act, 2013 and the rules framed thereunder, including any amendments or material modifications thereto, shall require prior approval of the shareholders in accordance with the Act.
- All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution.
- No related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if Regulation 23 and sub-regulation (2) of Regulation 15 of these regulations are applicable to such listed subsidiary.”

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Ratification of the Related Party Transaction

Where any contract or arrangement is entered into by a Director or employee of the Company with Related Party without obtaining the consent of the Board or approval of Shareholders, and if the same is not ratified by the Board or Shareholders as the case may be within 3 (three) months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, at the option of the Shareholders.

Reporting of Related Party Transactions

The Company is required to disclose in its annual financial Statements and Directors' Report, certain transactions between the Company and Related Parties as well as Policy relating thereto. The Policy shall also be disclosed on the website of the Company and a web link thereto shall be provided in the annual report of the Company.

The Company shall submit such disclosures of related party transactions, with stock exchanges and on the Company's website, as applicable, every six months within the timelines specified under the Regulations, from the date of publication of its standalone and consolidated financial results.

Amendment

The Board shall have power to amend any of the provisions of the Policy, substitute any of the provisions with a new provision or replace the Policy entirely with a new Policy according to subsequent modification(s)/amendment(s) to the Act and Regulations.

In the event of any conflict between the provisions of this RPT Policy and applicable laws, the provisions of such applicable laws shall prevail over this Policy.