

**POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS****1. PREFACE**

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| Policy Title | : | Policy on dealing with Related Party Transaction |
| Effective Date | : | April 1, 2022 |
| Authorised by | : | Board of Directors vide resolution dated January 29, 2022 |
| Last Revised Date | : | January 29, 2022 |

2. INTRODUCTION

This policy is intended to ensure proper approval and reporting of transactions between the Company and any of its Related Parties. This policy shall apply to all transactions entered into by the Company with its Related Parties as prescribed under the Companies Act, 2013 read with the Rules and Regulations framed thereunder (hereinafter referred to as the '**Act**') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulation, 2015 as amended from time to time read along with the Notifications and Circulars as may be issued thereunder (hereinafter referred to as '**SEBI LODR**' or '**Listing Regulations**') and such other Rules and Regulations as may be applicable. The policy sets forth the nature of Related Party Transactions, approvals and disclosure requirements. The Audit Committee and/or Board of Directors may review/amend this Policy from time to time and in any case once in three years.

3. APPLICABILITY

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including Material Related Party Transactions.

Transactions covered by this policy include any contract or arrangement with Related Party with respect to transactions defined hereunder as 'Related Party Transaction'.

4. DEFINITIONS

'Arm's Length Transaction' means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

'Audit Committee or Committee' means a Committee of Board of Directors of the Company constituted in accordance with the provisions of SEBI LODR and the Act to discharge its functions as the Audit Committee.

'Board' means collective body of the Directors of the Company.

'Company' means JSW Holdings Limited.



JSW HOLDINGS LIMITED
POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

'Control' shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and in accordance with the Act.

'Key Managerial Personnel' means key managerial personnel as defined under the Act, applicable accounting standards and SEBI LODR as the case may be.

'Management' means and includes Managing Director, Whole Time Director, Chief Executive Officer, Chief Financial Officer or such other person(s), as may be identified & appointed from time to time by the Audit Committee or Board.

'Material Related Party Transaction' - A Related Party Transaction shall be considered as a Material Related Party Transaction if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds one thousand (1,000) crores or ten (10) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

However, a Transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the Transactions to be entered into individually or taken together with previous Transactions during a financial year, exceed five (5) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

'Material Modification' – means any amendment, modification, alteration or termination of any terms and conditions of a Related Party Transaction(s) which shall predominantly change the nature and characteristics of the said transaction or significantly affect the rights and obligations of the parties involved including any change in the value of transactions exceeding 10% (Ten percent) of the total value of the transaction(s) approved by the Audit Committee/ Members earlier.

'Policy' means this Related Party Transaction Policy.

'Related Party' shall have the meaning as defined under Regulation 2(1)(zb) of the SEBI LODR and Section 2(76) of the Act.

Regulation 2(1)(zb) of the SEBI LODR

Related Party means a Related Party as defined under sub-section (76) of section 2 of the Act or under the applicable accounting standards:

Provided that:

- a. any person or entity forming a part of the promoter or promoter group of the listed entity;
or



POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

- b. *any person or any entity, holding equity shares of twenty per cent or more in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year; shall be deemed to be a Related Party.*

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

Section 2(76) of the Act

Related Party, 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 is a member or director;*
- (v) *a public company in which a director or manager is a director or holds along with his relatives, more than two per cent. of its paid-up share capital;*
- (vi) *anybody 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 on 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) *an investing company or the venturer of the Company;*
- (ix) *Director, other than independent director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.*

'Related Party Transaction' means a transaction(s) involving transfer of resources, services or obligations between the Company or any of its subsidiary on one hand and a Related Party of the Company or its subsidiary on the other hand; regardless of whether a price is charged and shall include:

- (i) *sale, purchase or supply of any goods or materials;*
- (ii) *selling or otherwise disposing of, or buying, property of any kind;*
- (iii) *leasing of property of any kind;*
- (iv) *availing or rendering of any services;*
- (v) *appointment of any agent for purchase or sale of goods, materials, services or property;*
- (vi) *such Related Party's appointment to any office or place of profit in the company, its subsidiary Company or associate Company;*



HOLDINGS LIMITED

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

- (vii) underwriting the subscription of any securities or derivatives thereof, of the company.

and shall exclude:

- (i) The issue of specified securities on a preferential basis in compliance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (ii) The corporate actions viz. payment of dividend, subdivision or consolidation of securities, rights issue or bonus issue of securities and buy back of securities, that are uniformly applicable to all shareholders in proportion to their shareholding.
- (iii) Acceptance of fixed deposits at the terms uniformly applicable to all shareholders and the public, subject to disclosure of the same along with the Related Party Transaction disclosure made every six (6) months to the stock exchange(s).

Note: A 'transaction' with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

'Relative' means relative as defined under Section 2(77) of the Act and includes anyone who is related to another, if –

- (i) They are members of a Hindu undivided family;
- (ii) They are husband and wife; or
- (iii) Father (including step-father)
- (iv) Mother (including step-mother)
- (v) Son (including step-son)
- (vi) Son's wife
- (vii) Daughter
- (viii) Daughter's husband
- (ix) Brother (including step-brother)
- (x) Sister (including step-sister)

5. Interpretation

Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Act or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, SEBI LODR, Accounting Standards or any other relevant legislation / law applicable to the Company.

In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term /provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

**JSW HOLDINGS LIMITED**
POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

6. Requirements of the respective regulations:

A. Companies Act 2013 (Act):

Related Party Transactions which are not in ordinary course of business and/or on arm's length basis, if within the threshold limits prescribed for the specified Transaction under the Act, shall only require prior approval of the Board.

Related Party Transactions which are not in ordinary course of business and/or on arm's length basis; if exceeding the threshold limits prescribed for the specified Transaction under the Act, shall not only **prior** approval of the Board but also of the Shareholders of the Company.

Section 177(4)(iv) of the Act, requires Audit Committee to approve transactions or any subsequent modification thereof of the Company with the related parties. The Audit Committee may grant omnibus approval for any Related Party Transactions proposed to be entered into by the Company in compliance with the provisions of the Act.

B. LODR Regulations, 2015:

As per Regulation 23 of the LODR Regulations, 2015, the requirements for Related Party Transactions are:

- ✓ Formulate a policy on materiality of Related Party Transactions and dealing with Related Party Transactions.
- ✓ The Audit Committee of a listed entity shall define 'Audit Committee' and disclose it as part of the policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.
- ✓ All Related Party Transactions and subsequent Material Modifications 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 compliance with conditions as prescribed.
- ✓ All Material Related Party Transactions and subsequent Material Modifications shall require **prior** approval of the shareholders through a resolution and the Related Party shall not vote to approve such resolution.

C. IND AS 24 – Disclosure of the Related Party Transactions:

The accounting standard requires the disclosure of the Related Party relationship and the Transactions with related parties in the annual report.

Following are some examples of the Related Party Transactions under IND AS 24:

- ✓ Purchase or sale of goods (finished or unfinished);
- ✓ Purchase or sales of property or other assets;
- ✓ Rendering or receiving of services;



POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

- ✓ Leases;
- ✓ Transfer of research and development;
- ✓ Transfer under Licence agreements;
- ✓ Transfers under finance arrangements (including loans and equity contributions in cash or in kind); Provision of guarantees or collaterals;
- ✓ Commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised);
- ✓ Settlement of liabilities on behalf of the entity or by the entity on behalf of that Related Party;
- ✓ Management contracts including deputation of employees.

7. Transactions with Related Parties:

A. Audit Committee

- a) All transactions entered into by the Company with Related Party and / or any subsequent modification will be put up for approval of Audit Committee on regular basis. (Section 177(4)(iv) of the Act).
- b) All Related Party Transactions and / or subsequent Material Modifications will be done only after prior approval of Audit Committee. (SEBI LODR)
- c) Any Material Related Party Transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee of the Company.
- d) The Company may inter alia provide the following information for review of the Audit Committee for approval of any Related Party Transaction:
 1. Type, material terms and particulars of the proposed transaction;
 2. 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);
 3. Tenure of the proposed transaction;
 4. Value of the proposed transaction;
 5. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided;
 6. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

- 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 Related Party Transaction.
7. Justification as to why the Related Party Transaction is in the interest of the Company;
 8. A copy of the valuation or other external party report, if any such report has been relied upon;
 - i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;
 9. Any other information that may be relevant;
- e) The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to compliance with following conditions:
1. 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.
 2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
 3. 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.

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 Rupees One Crore per transaction.

4. 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.
5. Such omnibus approvals shall be valid for a period not exceeding One (1) year and shall require fresh approvals after the expiry of One (1) year.



HOLDINGS LIMITED

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

- f) The approval of the Audit Committee can be granted by way of a circular resolution

B. Board & Shareholders

- a) The Transactions which are not in ordinary course of business or not as on Arm's Length pricing or both will require prior approval of Board.
- b) All Material Related Party Transactions and / or any subsequent Material Modification(s) shall require prior approval of the Board.
- c) Transaction with Related Party, other than those covered above, may be referred / intimated to the Board for their approval / noting, as the case may be.
- d) All Material Related Party Transactions and / or subsequent Material Modifications shall require **prior** approval by the Shareholders through a resolution.

C. Voting

- a) In determining whether to approve or ratify a Related Party Transaction, the Committee / Board, as the case may be, shall consider among other factors, as it deems appropriate, whether the Related Party Transaction is in the ordinary course of business of the Company and on arm's length basis and the Related Party's interest in the Transaction. For this purpose, the Audit Committee / Board, as the case may be, are entitled to seek the assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.
- b) If any director of the Company is interested in any contract or arrangement with a Related Party, such director cannot be present at the Board meeting of the Company during discussions, deliberations and approval of the said transaction and if the said Director is also a Member of the Audit Committee, then he shall also abstain himself from attending/ participating in the discussions, deliberations and approval of the said transaction in the meeting of the Audit Committee.
- c) Only those members of the Audit Committee, who are independent directors, shall approve the Related Party Transactions.
- d) Members who are related parties of the Company shall not vote to approve any resolution with respect to a Related Party Transaction irrespective of whether the entity is a related party to the particular transaction(s) or not.

8. Related Party Transactions should be at Arm's Length Price:

All Related Party Transactions should be adequately supported by Contracts or purchase orders/ work order or sales order and documentations to justify Arm's Length Price.



JSW HOLDINGS LIMITED
POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

If Arm's Length Price cannot be justified for any transaction, then, only after the prior approval from the Audit Committee the said transaction shall be undertaken. Prior approval of the Board and / or shareholders shall also be availed, if required, before undertaking the said transaction.

9. Reporting and disclosure of Related Party Transactions:

- a) Director's Report shall contain details of Related Party Transactions as required under the Act.
- b) The Company shall disclose to the Stock Exchange along with the compliance report on corporate governance on a quarterly basis details of all Material Related Party Transactions.
- c) The Company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- d) This Policy will be communicated to all operational employees and other concerned personnel of the Company.
- e) The Company shall submit to the stock exchanges, where the shares of the Company are listed and publish the same on its website, the details of the Related Party Transactions on a consolidation basis, in the format specified by SEBI, in every six months within 15 days from the date of publication of its standalone and consolidated financial.