

RELATED PARTY TRANSACTION POLICY

1. Preamble

JMT AUTO Limited being a group company of AMTEK is committed to adopting the best practices of Corporate Governance and maintains high levels of ethical and legal conduct in fulfilling its responsibilities as a corporate citizen.

The Company recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, KMPs, Senior Management etc. with the interest of the Company and hence has laid down a comprehensive policy for governing the Related Party Transactions.

The Board of Directors of JMT AUTO Limited (“Company” or “JMT”), adopts the following policy and procedures with regard to Related Party Transactions (RPT) as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder and any subsequent amendments thereto (the “Act”) and Listing Agreement with the Stock Exchanges, in order to ensure the transparency and procedural fairness of such transactions.

2. Objective

Main objective of this policy is to ascertain proper approval and reporting of transactions as applicable, between the Company and any of its related party, in compliance with the provisions of Companies Act, 2013 read with the applicable Rules made thereunder and the Listing Agreement.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in the best interest of the Company and its Stakeholders.

3. Applicability

The Policy is applicable to the Company with effect from 1st October, 2014 and covers all agreements, contracts, arrangements etc. with a related party with respect to transactions defined hereunder as “Related Party Transaction”.

The Audit Committee of Directors (“Audit Committee”), shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the above provisions.

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act 2013, including the Rules promulgated thereunder and Clause 49 of the Listing Agreement and must be approved in the manner as may be decided by the Board of Directors.

4. Definitions

- i. **“Act”** means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- ii. **“Arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- iii. **“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.

Explanation.—“significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.

- iv. **“Board”** means the Board of Directors of the Company.
- v. **“Company”** means JMT AUTO Limited.
- vi. **“Control”** 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:

Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position;

- vii. **“Key Managerial Personnel”** means Key Managerial Personnel of the Company as defined by the Companies Act, 2013 and the Rules made thereunder and includes:-
 - (i) Chief Executive Officer or the Managing Director;
 - (ii) Whole-time Director;
 - (iii) Company Secretary;
 - (iv) Chief Financial Officer;
- viii. **“Policy”** means Related Party Transaction Policy of the Company

ix. **“Related Party”** means a person or an entity which is related party as per

- a. Section 2(76) of the Companies Act, 2013
- b. Applicable Accounting Standards

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- (a) A director or his relative;
- (b) A key managerial personnel or his relative;
- (c) A director or key managerial personnel of the holding Company or his relative;
- (d) A firm, in which a director, manager or his relative is a partner;
- (e) A private Company in which a director or manager is a member or director;
- (f) 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;
- (g) Any Body corporate, of which, the Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (h) Any person on whose advice, directions or instructions a director or manager is accustomed to act:
(Provided that nothing in points (g) and (h) shall apply to the advice, directions or instructions given in a professional capacity);
- (i) Any Company which is—
 - 1) a holding, subsidiary or an associate Company of the Company; or
 - 2) a subsidiary of a holding Company to which it is also a subsidiary;
- (j) A person or a close member of that person’s family if that person
 - 1) is a related party under Section 2(76) of the Companies Act, 2013; or
 - 2) has control or joint control or significant influence over the Company or of a parent of the Company; or
 - 3) is a Key Managerial Personnel of the Company or of the Parent Company.
- (k) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (l) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- (m) Both entity and the Company are joint ventures of the same third party; or
- (n) One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- (o) The entity is a postemployment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company; or
- (p) The entity is controlled or jointly controlled by a person identified in point (a) to (j) above.

x. **“Relatives”** with reference to any person, means anyone who is related to another, if –

- 1) They are members of a Hindu Undivided Family;
- 2) They are husband and wife; or
- 3) One person is related to the other in the following manner, namely:
 - a) Father (including step-father)
 - b) Mother (including step-mother)
 - c) Son (including step-son)
 - d) Son’s Wife
 - e) Daughter
 - f) Daughter’s Husband
 - g) Brother (including step-brother)
 - h) Sister (including step-sister)

xi. **“Related Party Transactions”** means transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

As per Section 188 of the Act read with Clause 49 of Listing Agreement:

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company;
- (h) Transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

As per Accounting Standards 18:

- (i) Transfer of research and development
- (j) License agreements
- (k) Finance (including loans and equity contributions in cash or kind)
- (l) Guarantees and collaterals
- (m) Management contracts including for deputation of employees.

xii. **“Material specific transactions”** means those transactions entered into with the Company by a related party, individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the Company as per the last audited financial statements of the Company, whichever is higher.

xiii. “Office or place of profit” means any office or place—

- (a) 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;
- (b) 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.

5. General Principles of the Policy

5.1 Identification of Potential Related Party Transactions

- i. Database of Related Party - The Company Secretary shall at all times maintain a database of Company’s Related Parties containing the names of individuals and Companies, identified on the basis of the definition set forth in Definition Clause ix & x above, along with their personal/company details including any revisions therein.
- ii. Annual Review - The Related Party List shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
- iii. List of Related Party - The Company Secretary shall circulate the Related Party List to the concerned employees (MD, CEO, Business Heads, Branch Heads, the Finance & Accounts Department and Statutory Auditors) and who he/she believes might be in the position to conduct or know of the possible conduct of Related Party Transactions.
- iv. Proposed Transactions - The Functional Heads 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.

5.2 Details required for ascertaining Related Party

The following details shall be required:

- i. Declaration/Disclosure of interest by all the Directors and KMPs’ in form MBP-1.
- ii. Declaration of relatives by all Directors and KMPs’.
- iii. Declaration about a firm in which a Director/Manager or his relative is a partner.
- iv. Declaration about a private Company in which a Director/Manager is a member or director.

- v. Declaration regarding a public company in which a Director/Manager is a Director and holds along with the relatives more than 2% of the paid-up share capital.
- vi. Notices from Directors of any change in particulars of directorship or in other positions during the year.
- vii. Declaration by Holding Company regarding its Directors/KMPs' and their relatives.
- viii. Details of 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/Manager of the Company.
- ix. Details of any person on whose advice, directions or instructions a Director or Manager is accustomed to act:
- x. Provided that nothing in point no. viii & ix shall apply to the advice, directions or instructions given in a professional capacity.
- xi. Details of 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.

5.3 Review and Approval of Related Party Transactions

Audit Committee & Board Approval

- i. All Related Party Transactions or changes therein must be reported by the Functional Heads to the Company Secretary, who shall refer the same for prior approval by the Audit Committee in accordance with this Policy.
- ii. The Audit Committee shall undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee shall report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.
- iii. No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the Director /Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.
- iv. If the Board is of the view that the Related Party Transaction needs to be approved at a General Meeting of the shareholders by way of a special resolution pursuant to Companies Act, 2013 and any other applicable law, the same shall be put up for approval by the shareholders of the Company.

Shareholders' Approval - Material Related Party Transactions

- v. All Related party transactions and material specific transactions, other than the exempted transactions in a listed Company shall require prior Shareholders approval by way of Special Resolution in General Meeting.
- vi. No Shareholder of the Company if such a shareholder is a related party with reference only to the contract or arrangement for which the said special resolution is being passed shall vote on any such special resolutions.

Ratification of Transactions not having Prior Approval

- vii. If prior approval of the Audit Committee/Board/General Meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board/General Meeting, if required, within 3 months of entering into the Related Party Transaction.
- viii. In any case where either the Audit Committee/Board/General Meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the General Meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of the transactions, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy.
- ix. In determining whether to approve or ratify a Related Party Transaction, the Audit Committee/ Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- x. Such contract or arrangement, if not ratified within 3 months, shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- xi. The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

Omnibus Approval

- xii. If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.
- xiii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- xiv. The omnibus approval shall specify (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (b) the indicative case price/current contracted price and the formula for variation in the price if any and (c) such other conditions as the Audit Committee may deem fit.
- xv. 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 a certain specified limit set by the Committee in consultation by the Board.
- xvi. Thereafter, the Audit Committee, shall review at least on a quarterly basis, the details of RTPs entered into by the Company pursuant to each of the omnibus approval given.
- xvii. The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- xviii. In addition, the Audit Committee/ the Board may review any Related Party Transactions involving Independent Directors as part of the annual determination of their independence.
- xix. Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

Transactions in Ordinary Course of Business

- xx. Transactions with Related parties which are in Ordinary Course of Business of the Company and on arm's length shall be periodically disclosed to the Audit Committee/Board.
- xxi. Requisite evidence and documentation are made available to the Auditors/Audit Committee/Board, as may be required by them, to demonstrate that the transactions are conducted on arm's length basis.

5.4 Exemptions

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

- (i) in the ordinary course of its business; or
- (ii) at arms' length price
- (iii) between the Company and any other partner of the firm in which Director /Relative is a partner
- (iv) service availed in a professional capacity from body corporate/person
- (v) Contract with a private or public company in which relative of a Director is a director/member
- (vi) 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:
 - (a) transaction(s) done in ordinary course of business at arm's length;
 - (b) receipt of remuneration by way of sitting fees;
 - (c) re-imburement of expenses for attending board and other meetings;
 - (d) any profit related commission as approved by members.

5.5 Registers & Documents to be maintained

- i. The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.
- ii. Every Director or Key Managerial Personnel shall, within a period of 30 days of his/her appointment, or relinquishment of his/her office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained.
- iii. The Company shall maintain such register in the custody of the Company Secretary of the Company who shall provide extracts from such register to a member of the Company on his/her request, within seven days from the date on which such request is made upon the payment of such fee as may be specified in the articles of the Company but not exceeding ten rupees per page.
- iv. The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
- v. The Audit Committee shall ascertain the list of documents to be maintained in evidence of the various types of related party transactions, to be maintained in the custody of the Company Secretary for each such transaction.

5.6 Disclosures to be made by Company

- i. Details of all material transactions with related parties are to be disclosed quarterly along with the compliance report on corporate governance.
- ii. The Company shall disclose the particulars of 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.
- iii. The Company shall disclose this policy relating to Related Party Transactions on its website and also in the Annual Report.

6. Review and Modification of the Policy

The Policy shall be reviewed annually by the Audit Committee and modified in accordance with the applicable amendments in the Companies Act, Rules made thereunder, Listing Agreement, Circulars and Notifications by appropriate authorities.

The Policy shall be uploaded on the website of the Company and circulated to all Directors/KMPs/Senior Management of the Company.

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