



JYOTHY LABS LIMITED

RELATED PARTY TRANSACTIONS POLICY

Related Party Transaction Policy

1. Introduction

The Board of Directors (the “Board”) of Jyothy Labs Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions (“RPT”) and materiality of such transactions.

2. Objective

Related Party Transactions have been one of the major areas of focus for corporate governance reforms. The Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) as amended requires the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

The Company is required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. This policy is to regulate transactions between the Company and its Related Parties based laws and regulations applicable to the Company. This policy intends to ensure proper approval and reporting of transactions between the Company and its Related Parties.

3. Definitions

“**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.

“**Audit Committee**” or “**Committee**” means Committee constituted by the Board of Directors of the Company, from time to time, under provisions of Listing Regulations and the Companies Act, 2013.

“**Board of Director**” or “**Board**” means the Board of Directors of Jyothy Labs Limited, as constituted from time to time.

“Company” means Jyothy Labs Limited .

“Key Managerial Personnel” in relation to the Company, as defined under the Companies Act, 2013 means:

- (i) The Chief Executive Officer, or the Managing Director or the Manager;
- (ii) The whole-time Director;
- (iii) The Company Secretary;
- (iv) The Chief Financial Officer.
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed

“Material Related Party Transaction” shall include the following:

- a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year exceeds Rs. 1000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;
- a transaction involving payments made to a related party with respect to brand usage or royalty if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- transactions as prescribed in Rule 15(3) of the Companies (Meetings of Board and its Power) Rules, 2015*

* Not applicable for transactions in ordinary course and on arms' length basis

“Material modification” shall mean any variation(s)/ modification(s) exceeding 10% to an already approved related party transaction

“Policy” means Policy on Related Party Transactions.

“Related Party” shall have the same meaning as assigned to it under the Companies Act, 2013 and/ or the Listing Regulations and/ or the applicable accounting standards as amended from time to time.

“**Related Party Transaction**” in relation to the Company means transaction(s) as enumerated in the Companies Act, 2013, the Listing Regulations, the applicable accounting standards as amended from time to time.

“**Relative**” means relative as defined under section 2(77) of the Companies Act, 2013 and Rules framed thereunder, if:

4. Applicability

The Policy shall be applicable to all the Related Party Transactions entered in to by the Company

5. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

5.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. The Audit Committee would determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

5.2 Omnibus approval for Related Party Transactions

1. All Related Party Transactions shall require prior approval of the Audit Committee.

The approval of the Audit Committee may be granted by way of a Circular Resolution.

2. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered in to by the Company subject to the following conditions:
 - a. 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;
 - b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
 - c. 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, the indicative base price/ current contracted price and the formula for variation in the price if any and
 - (ii) 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, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction i.e. all transactions per type/ nature of transaction(s) per Related Party. It will be advisable to have contract/ agreement with Related Party to avoid this limitation.

- d. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of every financial year.
- f. Provided RPTs which are not recurring in nature or is for a particular tenure shall not be required to take approval after expiry of every financial year

5.3 Review and Approval for Related Party Transactions

1. The Audit Committee of the Company shall review, and if appropriate, approve RPT involving
 - a. The Company and a related party;
 - b. Where the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during the financial year exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company; (and 10% of the annual standalone turnover as per the last audited financial statements of the Company with effect from April 01, 2023)

2. The Audit Committee shall be presented with the following information w.r.t. to all RPTs tabled for approval before the Committee:
 - a. Justification as to why the RPT is in interest of the Company;
 - b. Type, material terms and particulars of the proposed transaction;
 - c. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
 - d. Tenure of the proposed transaction (particular tenure shall be specified);
 - e. Value of the proposed transaction;
 - f. The percentage of the Company's annual consolidated turnover, 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);
 - g. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - details of the source of funds in connection with the proposed transaction;
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, the nature of indebtedness, cost of funds and tenure shall be mentioned;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

- h. 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 RPT on a voluntary basis
 - j. Any other information that may be relevant for the Committee.
3. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
4. Only those members of the Committee who are Independent Directors shall approve related party transactions.
5. In case there is any material modification with respect to an approved RPT, the management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Audit Committee.

5.4 Material Related Party Transaction

1. All Material Related Party Transactions and any material modification thereof, shall, apart from prior approval of Audit Committee, also require prior approval of the Board of Directors and prior approval of the shareholders of the Company through ordinary resolution and the related parties shall abstain from voting on such resolutions.
2. A Related Party Transaction, whether material or not, entered into with a wholly owned subsidiary of the Company, which is in the ordinary course of business and which is an Arm's length transaction shall not require any pre/ post approval of the Audit Committee, Board or shareholders of the Company. However, as per provisions of the Companies Act, 2013, approval of the Audit Committee will be required in case of Related Party Transactions entered into with Wholly Owned Subsidiary Companies.
3. A Related Party Transaction which is not a Material Related Party Transaction and which is in the ordinary course of business and at an Arm's Length shall require prior approval of the Audit Committee only as per the provisions of the Listing Regulations.

4. In case of Related Party Transaction (including that entered into with a wholly owned subsidiary) which is not in the ordinary course of business and/ or which is not an Arm's Length Transaction, (whether or not it is a Material Related Party Transaction) prior approval of the Board granted at the meeting of the Board shall be necessary.
5. Prior approval of the shareholders of the Company by an ordinary resolution shall also be necessary if the transaction exceeds the monetary limits prescribed vide Rule 15(3) of the Companies (Meetings of Board and its powers) Rules, 2014.
6. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting of the Board or its Committee during discussions on the subject matter of the resolution relating to such contract or arrangement.
7. Wherever required, in case of wholly owned subsidiary, the ordinary resolution passed by the Company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and the Company.
8. All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to particular transaction or not on Related Party Transaction which require approval of shareholders.
9. The approval requirements for Related Party Transactions are summed up as follows:
 - i. Prior approval of Audit Committee is required in all cases.
 - ii. Prior Approval of Audit Committee in case of subsequent material modification.
 - iii. Prior approval of Board of Directors is required:
 - a. In case of Material Related Party Transaction(s) other than with Wholly owned Subsidiary Companies, and
 - b. In case the transaction(s) is/ are not in the ordinary course of business and/ or is/ are not an Arm's length transaction.
 - iv. Prior approval of the shareholders of the Company is also required:
 - a. In case of transaction(s) referred in iii (a) above, and
 - b. In case of transaction(s) referred in iii. (b) above, if the transaction(s)

exceeds the monetary limits prescribed in Rule 15(3) of the Companies (Meetings of Board and its powers) Rules, 2014.

5.5 Process for Dealing with Related Party Transactions

- a. A list of all the Related Parties in relation to the Company based on the declarations received from its Directors and Key Managerial Personals shall be provided by the Secretarial Department to all the concerned departments, and updated from time to time.
- b. Every department, prior to entering in to any contract or arrangement with a related party, shall fill the details of the contract or arrangement in the format enclosed as an annexure to the Policy and submit the same to the Secretarial Department.
- c. The Secretarial Department shall, within 3 working days of submission of details, convey to the concerned department the approvals required if any for the contract/ arrangement and approximate time within which such approval can be obtained.
- d. The Secretarial Department may ask for further information about the contract/ arrangement, if felt necessary, to determine the nature/ type of transaction.
- e. The contract/ arrangement shall not be entered in to without the necessary approval from the Audit Committee/ Board/ shareholders, if such prior approval(s) is/ are necessary under the Policy.
- f. The Secretarial Department shall arrange for the approval of the Audit Committee/ Board/ Shareholders, as may be necessary.
- g. Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse and abstain from discussion and voting on the approval of the Related Party Transaction.
- h. To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider *inter-alia* the following factors, to the extent relevant to the Related Party Transaction:
 - Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not

involve a Related Party;

- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - Whether the Related Party Transaction would affect the independence of an independent director;
 - Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
 - Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/ Committee deems relevant.
- i. If the 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 matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
 - j. In case the Related Party Transaction is required to be approved by the shareholders, the same shall be arranged.
 - k. Upon receipt of necessary approvals, the Secretarial Department shall convey the same to the concerned department.

5.6 Prohibitions relating to Related Party Transaction

Normally, no Related Party Transaction shall be entered into by the Company unless it is in the ordinary course of its business and at arm's length basis. In case it is essential and in the interest of the Company to enter into such Related Party Transaction, the said transaction is required to be pre-approved as may be necessary under the Companies Act, 2013 and other applicable laws and this policy by following the requisite procedure in this regard.

6. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In a case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

7. Disclosures

The Policy on dealing with Related Party Transactions shall be disclosed on the Company's website and a web link thereto would be disclosed in the Annual Report of the Company.

The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

Details of all material transactions with related parties shall be disclosed quarterly along with compliance report on Corporate Governance.

Further, the Company shall make such disclosures relating to Related Party Transactions as may be required under the Companies Act, 2013 and Rules made there under, Listing Regulations, Accounting Standards or any other relevant legislation/ law applicable in this regard.

8. Amendments

The Board of Directors shall have the power to amend or substitute any of the provisions of this Policy or replace this Policy in its entirety with a new Policy.

In case of any amendment to the Companies Act, 2013 or Rules made there under, Listing Regulations, Accounting Standards or any other relevant legislation/ law applicable in this regard, this policy shall automatically stand amended accordingly with immediate effect.

In case of such changes/ amendments, the Secretarial Department will carry out the changes and inform all concerned including the Directors of the Company. Such changes shall also be informed to the Audit Committee and the Board of Directors of the Company in the next meeting.

9. Interpretation

- a) Any words used in this policy but not defined herein shall have the same meaning ascribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, Listing Regulations, Accounting Standards or any other relevant legislation/ law applicable to the Company.
- b) 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.

Prepared by: Secretarial Department

Version	Particulars
1.	Approved by the Board of Directors on January 17, 2018
2.	Amended by the Board of Directors on January 24, 2019
3.	Amended by the Board of Directors on January 25, 2023

Annexure

JYOTHY LABS LIMITED (Formerly known as Jyothy Laboratories Limited)

Format for reporting of Related Party Transactions

Name of the Department	:	
Name and designation of the person submitting the form	:	
Name of the Related Party	:	
Nature of relationship of the Related Party with the Company	:	
Brief Description of the Contract / Arrangement	:	
Total value of the Contract / Arrangement in Indian rupees	:	
Duration of the Contract / Arrangement	:	
Advance paid / received if any	:	
Other material terms of the Contract / Arrangement	:	
Manner of determining commercial terms including pricing.	:	
Details of the factors relating to the Contract / Arrangement not considered, if any, and rationale for the Same.	:	



Whether the Contract / Arrangement shall be considered an 'Arm's Length Transaction' under the Policy. If yes then reasons / rationale Thereof.	:	
Any other relevant / important information relating to the Contract / Arrangement which the Submitter may like to provide.	:	

Sign:

(Name of the submitter)

Date:

(To be filled in by the Secretarial Department)

Date of the approval by the Audit : Committee

Date of the approval by the Board : Date of the approval by Shareholders :