



## **JK Cement Limited ('Company')**

### **Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions**

[Pursuant to Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015](**The Board of Directors adopted this policy on November 1, 2014 and amended from time to time**)

#### **1 Preamble**

The Board of Directors of the Company ("**Board**") has adopted this Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions, in compliance with the requirements laid out under regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), in order to ensure the transparency and procedural fairness of such transactions. The Audit Committee will review the same from time to time and propose the amendment required in the Policy to the Board. Review of Policy shall also be done by Board at least once in every three years.

#### **2 Purpose**

This Policy is intended to ensure proper approval and reporting of Related Party Transactions, as defined hereinunder. Provisions of this Policy are designed to govern the transparency of approval process and disclosure requirements to ensure fairness in the conduct of Related Party Transactions and also on dealing with Related Party Transactions, in terms of the Applicable Laws. This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons. Further, the Board/Audit Committee may amend this Policy from time to time as may be required. The Audit Committee shall review, approve and ratify Related Party Transactions based on this Policy in terms of the requirements under the Applicable Laws.

#### **3 Applicability**

This Policy has been originally adopted by the Board on 1.11.14. Thereafter, the Policy is updated as and when required to accommodate amendments introduced in the Applicable Laws, from time to time

#### **4 Definitions**

- (a) "Act" means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars thereof.
- (b) "Applicable Laws" include (a) the Act and rules made thereunder as amended from time to time; (b) the Listing Regulations; (c) Indian Accounting Standards; (d) any other statute, law, standards, regulations or other government instruction relating to Related Party Transactions applicable on the Company.
- (c) "Arm's length transaction" in pursuance of Explanation (b) to Section 188(1) of the Act,

means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**Tests for ascertaining whether the Related Party Transactions is at arm's length basis:**

1. The contracts/ arrangements are entered into with Related Parties at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile;

2. The contracts/ arrangements have been commercially negotiated;

3. The pricing is arrived at as per the rule/ guidelines that may be issued by or acceptable to Ministry of Corporate Affairs, Income Tax Act, 1961, Securities and Exchange Board of India and/or such other statutory or regulatory bodies as applicable to any of the contract/ arrangements contemplated under the Act, Rules framed thereunder or Listing Regulations;

4. The terms of contract/ arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/ profile of counterparties;

5. Such other criteria as may be issued under Applicable Laws.

- (d) "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 voting power, or control of or participation in business decisions under an agreement.

- (e) "Board" means the Board of Directors of the Company.
- (f) "Compliance Officer" means the Officer appointed by the Board or under this Policy from time to time.
- (g) "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:

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;

- (h) "Key Managerial Personnel" or "KMP" means:
- (i) Chief Executive Officer or the Managing Director;
  - (j) Whole Time Director

- (k) Compliance Officer appointed under regulation 6 of Listing Regulations;
  - (ii) Company Secretary;
  - (iii) Chief Financial Officer;
  - (iv) 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
  - (v) Such other officers as may be prescribed by the Ministry of Corporate Affairs.
- (l) **“Material modification”** shall mean any modification made in the terms and conditions of any ongoing or proposed Related Party Transaction, as originally approved by the Audit Committee and/or shareholders, as the case may be, which, individually or taken together with previous modifications during a financial year, results in variation in the value of the Related Party Transaction, by at least 20% or has significant impact, as illustrated below w.r.t. nature, value, tenure, exposure, or has a likely financial impact of such transaction, as may be determined by the Audit Committee from time to time.

Indicative list of rebuttable presumptions that a modification is material if such modification, together with previous modifications during a financial year, results into any of the following:

- A variation in the value of the transaction/ contract as originally approved, by 20% or more;
  - Granting of waiver, abatement or any other relief to either other party, which results into a financial implication equal to 20% or more of the value of the contract;
  - Extension of tenure of contract by 20% or more of original tenure, except for completion of any residual performances’;
  - Any modification which results into the claims of either party being subordinated, or relaxation of security interest;
  - If by such modification, the terms of the contract cease to be arms’ length.
- Provided further that the following shall not be considered as material modification –

1. modifications which may be mandated pursuant to change in law,
2. modifications pursuant to and in accordance with the terms of the approved transaction/contract, with mutual consent of parties
3. modifications resulting from change in constitution of either of the parties pursuant to schemes of arrangement (e.g. merger, amalgamation, demerger, etc.) approved by appropriate authority,
4. modifications which are purely technical and do not result in substantive change or alteration of rights, interests, and obligations of any of the parties,
5. modifications uniformly affected for similar transactions with unrelated parties

(j) **“Material Related Party Transaction (s)” under:**

- the Listing Regulations means:
  - A transaction to be entered into with a Related Party , value whereof individually or taken together with previous Related Party Transactions during a financial year, exceeds Rs. 1000 crores or ten percent of the annual consolidated turnover of the Company, whichever is lower, as per the last audited financial statements of the company or such other threshold as may be laid down from time to time by Applicable Laws which includes 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 into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company.

■ the Act, means:

transactions as specified under Section 188(1) of the Act, where the aggregate value of the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds the limits as prescribed under rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014.

All such transactions and any subsequent material modifications shall require prior approval of the shareholders through ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

- a. “Officer” includes any Director, Manager or Key Managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the Directors is or are accustomed to act.
- b. **“Related Party”** means and includes any person or entity:
  - a. who/ which is a related party under Section 2(76) of the Act or
  - b. who/ which is a related party under Reg 2(1)(zb) of Listing Regulations;
  - c. who/ which is a related party under the applicable “Indian Accounting Standards”.
- c. **“Relative”** 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;
  - (3). if he or she is related to another in the following manner, namely:
    - Father (including step-father)
    - Mother (including step-mother)
    - Son (including step-son)
    - Son’s wife
    - Daughter
    - Daughter’s husband
    - Brother (including step-brother)
    - Sister (including step-sister)
- d. **“Related Party Transaction”** means a transaction involving a transfer of resources, services or obligations between:
  - (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
  - (ii) the Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries;

regardless of whether a price is charged and a “transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
- b. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - iv. buy-back of securities.
- c. retail purchases from any the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:

***Note:** Words and expressions used but not defined in this Policy shall have the same meaning as respectively assigned to them, in the Applicable Law under reference. Likewise, reference in this Policy to Accounting Standards shall be deemed to refer to the contemporaneous Accounting Standards as applicable to the Company at the relevant time.*

## **5. Compliance Officer**

- 5.1 For purposes of this Policy, the Company Secretary would act as Compliance Officer for compliance purposes. However, the Chief Financial Officer of the Company shall be responsible for RPTs undertaken by the Company. The Board may, where it is considered necessary to do so, appoint such other officers as it may consider proper as Compliance Officer(s).
- 5.2 The Compliance Officer shall ensure proper implementation of the Policy as approved by the Board/Committee of Directors and may lay down a monitoring mechanism for its compliance.
- 5.3 The Compliance Officer shall assist the Directors and Key Managerial Personnel and provide any clarifications on the provisions of this Policy.

## **6. Identification of Related Parties and Related Party Transactions**

- 6.1 Every Director and/or KMP of the Company shall disclose to the Company Secretary of the Company, in form MBP-1, at the time of his appointment, in beginning of every financial year and wherever there is any changes in the disclosures so made, about all persons, entities, firms, or other organizations in which he/ she is interested, whether directly or indirectly.
- 6.2 Every director and KMP shall disclose details as may be required for the purpose of identification of Related Parties, e.g. details of relatives, etc.
- 6.3 The Company shall maintain a complete list of Related Parties, and update the same as and when any change is necessitated. The list shall be disseminated to all business functionaries for their ready reference while undertaking any transaction.
- 6.4 Besides, the Company shall also maintain a list of Related Parties of its subsidiaries, which



may be sourced from respective subsidiaries on a periodic ( preferably atleast on a quarterly) basis, including, as and when there is a change, as reported by the respective subsidiaries.

- 6.5 Adequate systems must be in place to ensure that the proposed RPTs in which the Company is not a party, but the subsidiary is a party, shall be brought to the information of the Company in a timely manner, for necessary approvals, wherever required.
- 6.6 The list of Related Parties of the Company and its subsidiaries shall be placed before the Audit Committee, as and when updated and shall be reviewed on quarterly basis.
- 6.7 The Chief Financial Officer will be responsible for providing prior notice to the Company Secretary, of any potential Related Party Transaction. He will also be responsible for providing additional information about the transaction that may be required, for placing before the Audit Committee, the Board or shareholders, as the case may be.
- 6.8 If required, the Company may refer any potential Related Party Transaction to any external legal consultant/ expert for obtaining his/ her opinion on any legal/ regulatory issues involved in such potential Related Party Transaction and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. The Audit Committee shall have the right to obtain external professional advice in relation to related party transactions.
- 6.9 The Company shall also make endeavors to determine the transactions which are entered into with unrelated parties, the purpose and effect of which is to benefit a Related Party of the Company or any of its subsidiaries.

**7. Review Mechanism/Approval/Ratification**

**Approval of Audit Committee**

- 7.1 All Related Party Transactions, any modifications to transaction with Related Parties, as per applicable provisions of the Companies Act and subsequent material modification to transaction with Related Parties as defined under Listing Regulations shall require prior approval of the Audit Committee of the Company, whether at a meeting or by circulation.
- 7.2 Further, Related Party Transactions with wholly owned subsidiaries in the ordinary course of business and at arm's length will be placed before the Audit Committee for review.
- 7.3 A 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 if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary in question

However, such prior approval of Audit Committee of the Company shall not be required for

- a RPT to which a listed subsidiary of Company is a party but the Company is not a party wherein Regulation 15(2) and 23 of Listing Regulations is applicable to such subsidiary. In such cases prior approval of the audit committee of such listed subsidiary shall suffice; and

- such other transactions which may be exempted under the Listing Regulations, from time to time.
- 7.4 Only those members of the Audit Committee who are independent directors shall approve Related Party Transactions.
- 7.5 Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting for the approval of the RPT.
- 7.6 In case of a transaction, other than transactions referred to in section 188 of the Companies Act 2013, and where the Audit Committee does not approve the transaction, it shall make its recommendations to the Board.
- 7.7 Approval of the Audit Committee shall not be required in case of RPTs
  - a. Subject to transactions covered u/s 188 of the Act, RPTs entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval; or
  - b. entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
  - c. Provided that remuneration and sitting fees paid by the Company or its subsidiary to its director, KMP or senior management, except who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not a Material Related Party Transaction under Listing Regulations.
- 7.8 As per approved terms of reference of the Audit Committee by the Board, the Committee will consider the interest of the Company and its Stakeholders in undertaking out the RPTs (including modification in existing RPTs ) and the benefits accruing to the Company. The Committee may accordingly approve, ratify or modify such RPTs, in accordance with this Policy and/or recommend the same to the Board for its approval.
- 7.9 A quarterly certificate signed by the Chief Financial Officer and the Internal Auditors of the Company shall be placed before the Audit Committee certifying the compliance with provisions specified in the Applicable Laws with respect to RPT framework and that all RPTs entered during the relevant period were in the ordinary course of business and on an arm's length basis and in due compliance with this Policy and the provisions of applicable law. The Statutory Auditors shall also confirm the same to the Audit Committee.
- 7.10 The Audit Committee shall also review the status of long-term (more than one year) or recurring Related Party Transactions on an annual basis.
- 7.11 The agenda of the Audit Committee meeting at which any RPT is proposed to be approved shall disclose the information as specified by SEBI circular no SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated 14 February read with NSE Circular Ref. No: NSE/CML/2025/05 dated 15 February, 2025 or such other information as required from time to time.
- 7.12 **OMNIBUS APPROVAL**

7.13 The Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company or its subsidiary, subject to the following conditions:

- i. **Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.**
- ii. The Audit Committee/Board shall lay down the criteria for granting the omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- iii. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company.
- iv. Such 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 base price / current contracted price and the formula for variation in the price if any
  - c. The maximum value of transaction ;
  - d. Such other information as specified by SEBI circular No SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated 14 February read with NSE Circular Ref. No: NSE/CML/2025/05 dated 15 February, 2025 or such other information as required from time to time;
  - e. such other conditions as the Audit Committee may deem fit.

7.14 Where the need for RPT cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

7.15 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.

7.16 Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. (refer Annexure)

### **Approval by the Board**

7.17 Related Party Transaction shall require Board approval in the following cases:

- a. If the RPT or any modification thereto is covered under section 188 of the Act except any RPT which is in ordinary course of business and on Arm's Length Basis; or
- b. The Audit Committee determines that such RPT should be brought before the Board; or
- c. The Board elects to review any RPT *suo moto*; or
- d. The RPT needs to be approved by the Board under any law for the time being in force.

7.18 Any Material RPT as referred by the Audit Committee for shareholder's approval shall be placed before the Board for its consideration and approval.

7.19 Any member of the Board who has any interest in any RPT then the interested director shall not be present at the Meeting, whether physically or through electronic mode, during



discussions and voting on such RPT.

- 7.20 The agenda of the Board meeting at which any Related Party Transaction is proposed to be approved shall disclose the information prescribed in Rule 15(1) of Companies (Meeting of Board and its Power) Rules, 2014 and such information as placed before the Audit Committee.

### **Approval of shareholders**

- 7.21 All Material Related Party Transactions and subsequent material modifications thereto and Related Party Transactions which are in the ordinary course of business, or not at an arm's length basis shall require prior approval of the shareholders by way of ordinary resolution.
- 7.22 The Related Party shall not vote on such ordinary resolution requiring approval of the shareholders irrespective of whether the concerned person / entity is a Related Party to the particular transaction or not..
- 7.23 A 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 Shareholder of the Company if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company or or 1000 crores, whichever is lower.

However, such prior approval of Shareholders of the Company shall not be required for

- i. a RPT to which a listed subsidiary of the Company is a party but the Company is not a party wherein Regulation 15(2) and 23 of Listing Regulations is applicable to such subsidiary. In such case, prior approval of the shareholders of such listed subsidiary shall suffice; and
  - ii. such other transactions which may be exempted under the Listing Regulations, from time to time.
  - iii. any transaction which has been entered into by the Company with its wholly owned subsidiary and transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- 7.24 The explanatory statement to be annexed to the notice being sent to the shareholders seeking approval for any proposed related party transaction shall include the disclosure prescribed in Rule 15(3) of (Meeting of Board and its Powers) Rules, 2014 and / or as specified by SEBI circular no SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated 14 February read with NSE Circular Ref. No: NSE/CML/2025/05 dated 15 February, 2025 or such other information as required from time to time.

## **8. Ratification of Related Party Transactions by the Audit Committee**

- 8.1 In the event the Company becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee to consider all the relevant facts and circumstances and to evaluate all options available to the Company including ratification or termination of the concerned RPT.
- 8.2 The Audit Committee shall also examine the facts and circumstances pertaining to the failure of seeking prior approval and reporting such RPT to the Audit Committee under this Policy and failure of the internal control system, and shall take any such actions it deems appropriate.
- 8.3 A RPT can be ratified only by the members of the Audit Committee who are independent directors within 3 months from the date of such transaction/ the date on which such RPT came to the notice of the Audit Committee or in the immediate next meeting of the Audit Committee, whichever is earlier.
- 8.4 The ratification of such RPT shall be subject to the following conditions:
- i. The value of the concerned transaction, whether entered into individually or taken together with the previous transaction, with each related party, during a financial year shall not exceed rupees 1 crore.
  - ii. Such transaction is not a material related party transaction within the meaning of regulation 23(1) of Listing Regulations.
  - iii. Rationale for inability to seek prior approval for such a transaction shall be placed before the Audit Committee at the time of seeking ratification.
  - iv. Details of ratification shall be disclosed along with the half-yearly disclosure of related party transactions under regulation 23(9) of Listing Regulations.
- 8.5 Failure to seek ratification of the Audit Committee, shall render the transaction voidable, at the option of the Audit Committee, and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.
- 8.6 In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc

## **9. Ratification by the Board/ shareholders**

For transactions that are required to be approved by the Board, but not approved prior to its consummation, the same may be required to be ratified by the Board within a period of three (3) months from the date of entering into such a transaction subject to its value not

exceeding Rs. 1 Cr. Furthermore, if the said transaction is a material related party transaction as per section 188 of the Companies Act 2013 or a material modification thereto, then the same will also be required to be placed before the shareholders for their approval.

If such a contract or arrangement is not ratified by board or shareholders, it shall be voidable at the option of the Board/ shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

## **10. Disclosure**

- 10.1 The Company is required to disclose following Related Party Transactions covered under Section 188 of the Act, in form AOC-2 to be annexed with Board's Report
- All Material Related Party Transactions; and
  - All Related Party Transactions not entered into at an arm's length basis
- 10.2 The Company shall place before the Board, Register of Contracts or Arrangements containing particulars of all contracts or arrangements entered into with related parties to which Section 188 of the Act applies for perusal/ signatures of the Directors.
- 10.3 The Company shall disclose the Policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report as may be required under the Act and the Listing Regulations.
- 10.4 The Company shall submit half-yearly disclosure of RPTs to stock exchange(s) including details of ratification, on the date of publication of its standalone and consolidated financial results. However, remuneration and sitting fees paid by the Company or its subsidiary to its director, KMP or senior management, except who is part of promoter or promoter group, shall not require disclosure under such half-yearly disclosure provided that the same is not material RPT under Listing Regulations.
- 10.5 The Company shall also make relevant disclosure with respect to related party transaction framework in the quarterly integrated filing (governance) under regulation 10(1A) of the Listing Regulations.

## **11. Amendment of Policy**

The Audit Committee/Board may carry out any amendment/changes in this Policy as may be required from time to time.

This Policy shall be implemented as per the provisions of the Applicable Law. Any amendments in the

Applicable Law, including any clarification/ circulars of relevant regulator, shall be read into this Policy such that the Policy shall automatically reflect the contemporaneous Applicable Law at the time of its implementation.

Even though this Policy has been framed in accordance with requirement of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereon, the Auditor, if observes any deviation, may communicate to the Audit Committee *inter-alia* about the transactions with related parties and other related significant matters as they deem fit and proper.

## Annexure

The validity of omnibus approval shall be as follows:

Nature of transaction	Approving authority	Validity	
		From	To
RPTs other than material RPTs	Audit Committee / Board	For the financial year for which such approval is granted	
Material RPTs where omnibus approval is taken at AGM	Shareholders	AGM in which such approval is granted	Immediately succeeding AGM provided that the time gap between AGMs are not more than 15 months
Material RPTs where omnibus approval is taken at EGM / by way of postal ballot	Shareholders	Date of passing the resolution	one year from the date of passing of such resolution.

Date: 21.3.2025

Place: New Delhi



Dr. Raghavpat Singhania  
Managing Director