

JOONKTOLLEE TEA & INDUSTRIES LIMITED
RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

The Related Party Transactions Policy (“Policy”) provides a framework to regulate transactions between Joonktollee Tea & Industries Limited (“the Company”) and its Related Parties based on the applicable laws and regulations.. The Policy also lays down mechanism for identification, approval and reporting of Related Party Transactions. The Policy may be amended from time to time in accordance with changes in the Listing Agreement, the Companies Act, 2013 (the Act) and rules/regulations made there under.

2. DEFINITIONS

“Audit Committee” means Audit Committee of Board of Directors of the Company constituted under provisions of the Listing agreement as well as the Companies Act, 2013.

“Board” means Board of Directors of the Company.

“Related Party” means a person or a entity if:

- (i) such person or entity is a related party under Section 2(76) of the Companies Act, 2013;
- (ii) such person or entity is a related party under the applicable Accounting Standards."

“Associate Company”, in relation to another Company, means Company in which that other Company has significant influence, but which is not a subsidiary of the Company having such influence and includes a joint venture Company.

“Significant Influence” means control of at least 20% of the total share capital or of business decisions under an agreement.

“Joint Venture” means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and shall include:

- a) 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’/voting agreements etc. or**
- b) ownership, directly or indirectly, of more than one half of the voting power of the Company, or**
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the Company.**

“Related Party Transaction” (“RPT”) means any transaction directly or indirectly involving any Related Party wherein there is a transfer of resources, services or obligations between the Company and the related party, regardless of whether or not a price is charged, and includes the following transactions.

- a. sale, purchases 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 purchases 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;**
- g. underwriting the subscription of any securities or derivatives thereof, of the company.**

“Policy” means this Policy on Related Party Transactions.

“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.

“Material Related Party Transaction” means a transaction with a related party, where in the value of transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Office or Place of Profit” means any office or place:

(i) where such office or place is held by a Director, if the Director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as Director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

(ii) where such office or place is held by an individual other than a Director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

3. POLICY

All Related Party Transactions must be identified and reported to the Audit Committee for their prior approval and also to Directors and shareholders for their approval, wherever necessary. However, the said transactions shall be disclosed in accordance with the requirements of the Companies Act, 2013, Listing Agreement and other statutory requirements as may be applicable.

3.1 IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Each director and Key Managerial Personnel (KMP) is required to give notice of disclosure of interest under section 184 and 189 of the Companies Act 2013, along with list of relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP without requisite approvals.

Further each director, KMP and Senior Managerial Personnel (SMP) is also responsible for providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that Board/Audit Committee may reasonably request.

The Board/Audit Committee will determine whether the transaction requires compliance with this policy or not.

3.2 APPROVAL OF RELATED PARTY TRANSACTIONS

(a) AUDIT COMMITTEE APPROVAL

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Committee can grant an omnibus approval for Related party Transactions proposed to be entered into by the Company if the same is considered necessary and in the interest of the Company and on such conditions as may be decided by the Committee.

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 and (iii) such other conditions as the Audit Committee may deem fit.

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.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year

(b) APPROVAL OF BOARD OF DIRECTORS

Where approval of the Board of Directors is required for any related party transaction or if the Board selects to review any such matter or it is mandatory under any law for Board to approve the RTP, then the considerations as set out in this Policy shall apply to the Board's Review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who has any interest in any RTP shall recuse himself and abstain from discussion and voting on the approval of the RTP.

(c) APPROVAL OF SHAREHOLDERS

Where any RTP is required to be approved by the Shareholders through a special resolution all entities/persons falling under the definition of "related parties" shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

3.3 FACTORS TO BE CONSIDERED WHILE GRANTING APPROVAL TO RELATED PARTY TRANSACTIONS

The Audit Committee / Board will consider the following factors, amongst others, to the extent relevant to the Related Party Transactions while granting its approval:

- Ø Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Ø 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;
- Ø Whether the Related Party Transaction would affect the independence of an Independent Director;
- Ø Whether the transaction qualifies to be a transaction in ordinary course of business and at arms length.
- Ø Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Ø Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel / Senior Managerial Personnel of the Company, taking into account the terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's / Senior 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.

3.4 REVIEW & MONITORING OF RELATED PARTY TRANSACTIONS:

The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

To review a RPT, the Audit Committee shall be provided with all relevant material information of the RPT 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 information/material.

The Audit Committee may review and monitor a Related Party Transaction taking into account 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 connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

4. FOLLOWING TRANSACTIONS NOT TO BE CONSIDERED AS RELATED PARTY TRANSACTIONS:

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

1. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
2. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
3. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 1956/ Companies Act, 2013.

5. EXISTING CONTRACTS, IF ANY

The Policy shall operate prospectively and all the Contracts entered into by companies, after making necessary compliances under the Companies Act, 1956, which already came into effect before the commencement of the Companies Act, 2013, i.e. April 1, 2014, will not require fresh approval till the expiry of the original term of such contracts. However, any agreement for material transactions which has been already approved and continued to be operational beyond March 2015, clause 4 of this policy needs to be followed.

6. RPTs NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a RPT 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 of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification by it or recommending the Board for their ratification or seeking approval of Shareholders, revision or termination of the RPT. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

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

7. DISCLOSURES/AMENDMENT

Every Related Party with proper justification shall be disclosed in the Directors' Report. Details of all material related party transactions shall be disclosed quarterly along with the compliance report on Corporate Governance. The Related Party Transactions Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report too.

8. MISCELLANEOUS

The right to interpret /amend /modify this Policy vests in the Board of Directors of the Company. This Policy will be communicated to all Directors, KMP, SMP, operational employees and other concerned persons of the Company.