

Policy for Determining Material Subsidiary & Related Party Transaction Policy

PREAMBLE

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under (as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014), Jaisukh Dealers Ltd. (“JDL” or “the Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions. Inter-alia the amended clause 49 mandates the listed companies to frame Policy to determine material subsidiaries and Policy on materiality of related party transactions and also on dealing with related party transactions.

In light of the above, JDL has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out

- a) to determine material subsidiary
- b) the materiality thresholds for related party transactions and;
- c) the manner of dealing with the transactions between the Company and its related parties based on the Act, Listing Agreement and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

“**Act**” means the Companies Act, 2013.

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

“**Board**” means Board of Directors of the Company.

“**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.

“**Company**” means Jaisukh Dealers Limited

“**Relative**” with reference to a Director or KMP means persons as defined in Section 2(77) of the Act and rules prescribed thereunder.

“**Related Party**” have the meaning as defined in Section 2(76) of Companies Act, 2013 and Clause 49 of the Listing Agreement entered into by the Company with the stock exchanges.

"Related Party Transaction" means any transaction involving transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged, including but not limited to the following –

- 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;
- IV. appointment of any agent for purchase or sale of goods, materials, services or property;
- V. appointment to any office or place of profit in the company

"Subsidiary Company" shall mean a subsidiary as defined under Section 2(87) of the Companies Act, 2013 and rules related thereto.

"Key Managerial Personnel" or **"KMP"** shall have the meaning as defined in Companies Act 2013.

IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any 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. Board/Audit Committee will 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 Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

IDENTIFICATION OF MATERIAL SUBSIDIARY

A subsidiary shall be a Material Subsidiary, if any of the following conditions are satisfied:

- a) In which the Investment of the Company/Proposed Investment, exceeds 20% of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- b) Which have generated twenty per cent of the consolidated income of the Company during the previous financial year

One Independent Director of the Company shall be a director on the Board of the Material Non-Listed Indian Subsidiary Company.

The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary Company on an annual basis.

REVIEW & APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions 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.

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.

The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction;

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;

All Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

All existing material related party contracts or arrangements, which are likely to continue beyond March 31, 2015, shall be placed for approval of the shareholders in the first general meeting subsequent to October 1, 2014.

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

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 of 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 any 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.

DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special Resolution, shall not:

- a) dispose shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) ceases the exercise of control over the Subsidiary; or

- c) sell, dispose or lease the assets amounting to more than twenty percent of the assets of the material subsidiary

DISCLOSURES

The Policy for determining material subsidiaries & related Party transaction is to be disclosed to the Stock Exchanges and in the Annual Report of the Company, as per the provisions of laws in force. The policy shall also be uploaded on the website of the Company.

AMENDMENT AND UPDATES

The Board shall have the power, subject to applicable laws, to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Company Secretary being the Compliance Officer is also authorized to make amendment in this policy, where there is any statutory changes necessitating the amendment in the policy.

The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy and further the objective of good corporate governance