

JK INDIA eAGRITECH LIMITED

Comprehensive Policy on Governance & Related Party Transactions

1. LEGISLATIVE FRAMEWORK & CONTEXT

JK India eAgritech Limited ("Company") is dedicated to operational integrity, statutory compliance, and ethical corporate conduct across all enterprise activities. As an integrated agritech, supply chain, and agricultural commodities service provider, the Company routinely engages in commercial arrangements, technology development agreements, procurement contracts, and shared administrative functions with business partners, subsidiaries, joint ventures, and management entities.

This Policy is drafted pursuant to the requirements of:

- Sections 177 and 188 of the Companies Act, 2013 ("Act") read with the Companies (Meetings of Board and its Powers) Rules, 2014;
- Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
- Indian Accounting Standard (Ind AS) 24 / Accounting Standard 18 on Related Party Disclosures;
- Applicable circulars, directives, and notifications issued by the Ministry of Corporate Affairs (MCA) and SEBI.

2. EXHAUSTIVE DEFINITIONS

- **"Arm's Length Transaction"**: A transaction conducted between two Related Parties as if they were unrelated, characterized by unbiased price determination, commercial independence, standard open-market terms, fair margins, and absence of conflict of interest.
- **"Ordinary Course of Business"**: Includes all activities carried out by the Company in pursuit of its commercial objectives, including:
 1. Procurement, supply chain management, and trading of agricultural commodities, seeds, and fertilizers;
 2. Provision of software, agronomic advisory, and digital platform services to agricultural enterprises;
 3. Leasing, warehousing, cold-storage, and logistics operations essential for agri-products;
 4. Inter-corporate financial accommodation or treasury transfers within group entities for business operational needs;
 5. Customary administrative, human resources, and shared corporate support services.
- **"Related Party"**: As defined under Section 2(76) of the Act and Regulation 2(1)(zb) of SEBI LODR, encompassing:
 1. Directors (including Independent Directors) and their relatives;
 2. Key Managerial Personnel (KMP) of the Company or its holding/subsidiary companies and their relatives;
 3. Firms or private companies in which a Director, Manager, or relative is a partner, member, or director;
 4. Public companies in which a Director or Manager holds, together with relatives, more than 2% of paid-up share capital;

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5. Entities belonging to the promoter or promoter group holding 10% or more shareholding in the Company;
6. Holding, subsidiary, associate, and fellow subsidiary entities of the Company.
 - **"Material Related Party Transaction":** A transaction with a Related Party where aggregate value during a financial year exceeds ₹ 1,000 Crore or 10% of the annual consolidated turnover of the Company (whichever is lower), or 5% of consolidated annual turnover in case of payments made for brand usage or royalty.

3. COMPREHENSIVE APPROVAL ARCHITECTURE

3.1 Role & Powers of the Audit Committee

1. **Prior Approval Required:** All proposed Related Party Transactions, as well as subsequent material modifications, must receive prior approval from the Audit Committee before execution. Only Independent Directors on the Audit Committee are eligible to vote on RPT approvals.
2. **Omnibus Approval Framework:** The Audit Committee may grant omnibus approval for repetitive transactions subject to the following criteria:
 - The Committee satisfies itself regarding the operational necessity and justification for granting omnibus approval.
 - The approval specifies: (a) Name of Related Party, (b) Nature, period, and duration of transaction, (c) Maximum value per transaction and aggregate annual limits, (d) Indicative base price and variation formula.
 - For unforeseen transactions, omnibus approval may be granted up to an aggregate maximum limit of ₹ 1 Crore per transaction.
 - Omnibus approvals remain valid for a maximum period of **one (1) Financial Year** and require annual renewal.
 - The Audit Committee conducts a **quarterly review** of all transactions executed pursuant to omnibus approvals.

3.2 Role of the Board of Directors

The Board of Directors must review and approve Related Party Transactions under any of the following circumstances:

- Transactions that are **NOT in the Ordinary Course of Business** or **NOT on an Arm's Length Basis**;
- Transactions referred by the Audit Committee for Board guidance;
- Material modifications or transactions exceeding statutory limits defined under Section 188 of the Act.

Any Director having a potential interest in a transaction must disclose such interest and abstain from participating in discussions or voting on the matter.

3.3 Shareholders' Approval Mechanisms

Approval of shareholders via ordinary resolution is mandatory for:

- All **Material Related Party Transactions** under SEBI LODR, regardless of whether they are at arm's length or in the ordinary course of business;

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- Transactions falling under Section 188 of the Act that are not in the ordinary course of business or not at arm's length, and which exceed the threshold limits defined in Rule 15 of Companies Rules, 2014.

4. STATUTORY LIMITS & APPROVAL MATRIX (RULE 15, COMPANIES RULES, 2014)

Category of Transaction	Statutory Threshold Limit (Lower of)	Approval Level Required (Non-Arm's Length)
Sale, purchase or supply of goods/materials	10% or more of Annual Turnover of the Company	Audit Committee + Board + Shareholders
Selling, buying, or disposing of property	10% or more of Net Worth of the Company	Audit Committee + Board + Shareholders
Leasing of property of any kind	10% or more of Annual Turnover of the Company	Audit Committee + Board + Shareholders
Availing or rendering of any services	10% or more of Annual Turnover of the Company	Audit Committee + Board + Shareholders
Appointment to office/place of profit	Monthly remuneration exceeding ₹ 2.5 Lakhs	Audit Committee + Board + Shareholders
Underwriting securities subscription	1% or more of Net Worth of the Company	Audit Committee + Board + Shareholders

5. METHODS FOR ASSESSING ARM'S LENGTH PRICING

The management shall adopt appropriate valuation methodologies to determine whether transactions are entered into on an arm's length basis:

1. **Comparable Uncontrolled Price (CUP) Method:** Comparing prices charged or fees received in benchmarked transactions with non-related commercial entities under similar market conditions.
2. **Cost Plus Method:** Determining total cost incurred plus a customary market margin for specialized agritech, platform, or administrative services.
3. **Resale Price Method:** Evaluated for trading operations based on standard gross margins realized in secondary open market distribution.
4. **Independent Expert Valuation:** Mandatory valuation certificates from registered valuers, chartered accountants, or technical experts for high-value real estate or property transfers.

6. STATUTORY REGISTERS, REPORTING & DISCLOSURES

- **Form MBP-1 (Annual Director Declarations):** Directors and KMPs shall disclose interest in other entities at the first Board meeting of every financial year and update disclosures immediately upon changes.
- **Form MBP-4 (Statutory Register):** The Company Secretary shall maintain the statutory register of contracts in Form MBP-4 pursuant to Section 189 of the Act.

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- **Form AOC-2 (Board's Annual Report):** Details of contracts/arrangements entered into with related parties that are not at arm's length or material transactions at arm's length shall be disclosed in Form AOC-2 annexed to the Board's Report.
- **Periodic SEBI Disclosures:** Half-yearly disclosures of RPTs on a consolidated basis shall be filed with stock exchanges within prescribed timelines and uploaded to the Company's website.

7. NON-COMPLIANCE CONSEQUENCES & POLICY REVIEW

If an RPT is entered into without prior approval, the Audit Committee or Board may evaluate, ratify, or void the transaction. If not ratified within three (3) months from execution date, such contract shall be voidable at the option of the Board, and the responsible Director or KMP shall indemnify the Company against any resulting loss or liability.

This Policy shall be reviewed annually by the Audit Committee and Board of Directors to incorporate regulatory updates in company law, accounting standards, or SEBI regulations.

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