

JM FINANCIAL LIMITED
POLICY ON DEALING WITH RELATED PARTY
TRANSACTIONS

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1. **Introduction:**

JM Financial Limited (the “**Company**”) recognises that Related Party Transactions (as defined below) may present potential or actual conflict of interest and may pose questions whether such transactions are in the best interests of the Company and its members or not. This Policy has been formulated in compliance with the applicable provisions of the Act and Listing Regulations. The Policy is meant to lay down principles that will guide the transactions amongst the related parties. This Policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, recommendation and approval as the case may be.

2. **Policy Objective:**

Listing Regulations, *inter alia*, provides that a company shall formulate a policy on dealing with Related Party Transactions. This Policy intends to ensure that the transactions of the Company with its related parties are undertaken on the basis of best practices and in accordance with the applicable provisions of the Listing Regulations read in conjunction with the provisions of Section 188 of the Act and other relevant provisions thereto.

3. **Definitions:**

“**Act**” means Companies Act, 2013 read with rules thereto, including any amendments, re-enactments, modifications, notifications, circulars and orders issued from time to time.

“**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 Audit Committee of the Company as constituted or re constituted by the Board;

“**Board of Directors**” or “**Board**” means Board of Directors of the Company;

“**Company**” means JM Financial Limited;

“**Directors**” means Directors of the Company for the time being occupying the position as such;

“**Key Managerial Personnel**” (KMP) means:

- a. Chief Executive Officer or Managing Director (including the Joint Managing Directors, if any) or the manager;
- b. Whole-time Director;
- c. Chief Financial Officer;

- d. Company Secretary;
- e. 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
- f. Such other officer as may be prescribed, from time to time.

“Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“Undertaking” shall mean an undertaking in which the investment of the Company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the Company during the previous financial year.

“Listed Subsidiary” for the purpose of this Policy, means a subsidiary of the Company which has listed its designated securities on stock exchanges in accordance with the Listing Regulations **And** on such subsidiary, the provisions of Regulation 23 and sub-regulation (2) of Regulation 15 of the said Regulations are applicable.

“Material Related Party Transactions”, means transactions with related parties that if entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 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 shall be considered material if such transaction 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.

“Material Modifications” means the modifications in the value of the related party transactions as originally approved by the Audit Committee having variation in such approved value of the transactions by 25% or more or by Rs. 150 crore, whichever is higher.

“Policy” means this Policy on dealing with Related Party Transactions;

“Promoter” and “Promoter Group” shall have the respective meanings as assigned to them in the Listing Regulations;

“Relative” in reference to an individual means and includes:

- a. members of Hindu Undivided Family;
- b. Spouse;
- c. Father including step-father;

- d. Mother including step-mother;
- e. Son including the step-son;
- f. Son's wife;
- g. Daughter;
- h. Daughter's husband;
- i. Brother including the step-brother;
- j. Sister including the step-sister.

“Related Party” means a person/entity which is a related party as defined under Section 2(76) of the Act or under the applicable accounting standards, as amended from time to time.

Further, the following shall be deemed to be the related parties:

- a. any person or entity forming a part of the promoter or promoter group of the Company; or
- b. any person or any entity, holding equity shares of 10% or more;

in the Company, either directly or on a beneficial interest basis, as provided under Section 89 of the Act, at any time, during the immediate preceding financial year.

“Related Party Transactions” shall mean any transactions (including a single transaction or a group of transactions in a contract) involving transfer of resources, services or obligations between the following.

- (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, with effect from April 1, 2023; regardless of whether a price is charged.

The following transactions shall not be construed as related party transactions.

- a) the issue of specified securities on a preferential basis, subject to the compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding, such as
 - payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - buy-back of securities.

- c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchanges, in the format as specified by the SEBI.

Explanation: For the purpose of clauses (c), acceptance of deposits includes payment of interest thereon.

- d) Retail purchases from 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.

Any words/terms used in this Policy but not defined herein shall have the same meaning assigned to such words/terms in the Act and the Rules made thereunder and the Listing Regulations as amended from time to time.

4. *Identification of the Related Parties and Related Party Transactions:*

The Company, on the basis of the definition of the Related Parties as laid down under the Act, the Listing Regulations and the Indian Accounting Standard (IND AS) shall identify the Related Parties and maintain a list of such parties tracking the transactions, if any, with such parties.

Additionally, the list of Related Parties shall be updated based on the disclosures received from the Directors/KMP disclosing the details of his/her relatives and all firms, entities, body corporates, in which such director or KMP and their relatives, if any, are interested, whether directly or indirectly, as the case may be.

The team of controllers under the supervision of the Group Chief Financial Officer and the functional heads of the Company shall identify the transactions for seeking prior approval of the Audit Committee.

5. *Procedure for Approval of Related Party Transactions:*

In terms of Regulation 23 of the Listing Regulations, the Related Party Transactions shall be approved as per the process outlined below.

A. *Audit Committee Approval*

I) *Prior approval of the Audit Committee of the Company shall be required for the following.*

- a) All Related Party Transactions and subsequent Material Modifications, if any;
- b) All Related Party Transactions whether entered into individually or taken together with the previous transactions during a financial year, wherein the subsidiary of the Company is a party but the Company is not a party, if it,

exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

The above- mentioned transactions shall be approved only by the independent directors of the Company who are members of the Audit Committee.

Further, the Members of the Audit Committee, may ratify Related Party Transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- (i) The value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) The transaction is not material in nature as defined above;
- (iii) Rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- (iv) The details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of 23(9) of the Listing Regulations;
- (v) any other condition as specified by the Audit Committee.

Provided that 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, as may be decided by the Committee/Board;

II) Omnibus Approval

In terms of Section 177 of the Act and Regulation 23(3) of the Listing Regulations, the Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary, as required under the Listing Regulations, subject to the following conditions:

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

The maximum value of the transactions, singly or in aggregate, which can be allowed under the omnibus route in a year shall not exceed Rs. 1,000 crore or 10% of annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

- c) In the event, where the need for the Related Party Transactions cannot be foreseen and details as required to be placed before the Audit Committee are not available, then the Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding Rs. 1 crore per transaction; Audit Committee shall review the details of Related Party Transactions entered into by the Company or its subsidiary pursuant to each of the omnibus approval given by it on a quarterly basis;
- d) Such omnibus approval shall remain valid for a period of one financial year commencing from April 1st and ending on March 31st irrespective of the date of approval by the Audit Committee or such other lesser period as may be specified by the Audit Committee and shall require fresh approval after its expiry;
- e) Omnibus approval shall not be made for transaction(s) in respect of selling or disposing off the Undertaking of the Company.

Each Material Related Party Transaction shall also require prior approval of the Board and the shareholders of the Company, in accordance with the relevant provisions of the Listing Regulations, the Act, as may be applicable.

If any member of the Audit Committee is interested in any contract/arrangement with a related party, such member shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract/arrangement.

Information to be placed before the Audit Committee for granting prior/omnibus approval to Related Party Transactions

The information required to be placed before the Audit Committee for grant of prior/omnibus approval by it shall be as specified under the Act, Listing Regulations and the SEBI circular(s) issued in this regard.

Factors to be considered by the Audit Committee while approving the Related Party Transactions

- Whether the terms of Related Party Transaction are fair and on arm's length basis?
- Whether the Related Party Transaction is in the ordinary course of business of the Company?
- 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 Related Party Transaction would present an improper conflict of interest for any Director or KMP of the Company;
- Effective from April 1, 2023, the purpose and effect of the Related Party Transaction and whether the same is to benefit the Related Party of the Company or its subsidiaries.

B. Approval of the Board of Directors and Shareholders, if any, and to the extent required

- a) All Material Related Party Transactions and subsequent Material Modifications, if any, thereto as approved by the Audit Committee;
- b) All transactions exceeding the threshold limits (as specified under the Act and the Listing Regulations) between the Company and its Related Parties which are not in the Ordinary Course of Business, or not proposed to be executed at Arm's length basis.

No person/entity falling under the definition of Related Party, who is a member of the Company, shall vote to approve the transactions/resolutions whether such person/entity is a party to the particular transaction or not.

III. Provided that the requirement to obtain the approvals of the Audit Committee/Board/Shareholders, as applicable, shall not apply in respect of the following transactions:

- Related Party Transactions between the Company and its wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
- Related Party 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;
- Related Party Transactions to which the Listed Subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such Listed Subsidiary;
- Related Party Transactions of unlisted subsidiaries of a Listed Subsidiary as referred in above point, the prior approval of the shareholders of the Listed Subsidiary shall suffice; and

- Resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- All the Remuneration and sitting fees paid by the Company or its subsidiary, as applicable, to its Director, key managerial personnel 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 material in terms of the provisions of sub-regulation (1) of regulation 23 of the Listing Regulations.

The explanatory statement to be annexed to the notice of a postal ballot or general meeting convened to consider the ordinary resolution to approve a Material Related Party Transaction(s) shall contain such information as specified under the Act, Listing Regulations and the SEBI circular(s) issued in this regard.

6. Disclosures:

- a) The particulars of Related Party Transactions shall be disclosed in every six months to the stock exchanges in such manner as may be prescribed under the Listing Regulations on the date of publication of the standalone and consolidated financial results for the half year and shall be published on the website of the Company.
- b) This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in its annual report.

7. Review:

The Policy shall be reviewed by the Board of Directors at least once in every three years basis the recommendation of the Audit Committee.

8. Amendment:

The Company may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall also be amended as required due to any regulatory changes from time to time.

In case any amendments, clarifications, circulars and guidelines as issued by the regulatory body(ies)/authority(ies) and such amendments, clarifications, circulars and guidelines are not consistent with the requirements specified under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail and accordingly this Policy shall stand amended effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

This Policy was last reviewed by the Board of Directors at its meeting held on January 28, 2025