

***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 regarding the review and approval of Related Party Transactions has been formulated in compliance with the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, meant to lay down principles that will guide the transactions among related parties. The policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, approval and ratification as permitted.

This amended Policy is effective from April 1, 2022.

### 2. **Purpose:**

The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, 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 said Regulations read Section 188 of the Companies Act, 2013 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.

“**Audit Committee**” or “**Committee**” means Audit Committee of the Company as 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);
- 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 Listing Regulations are applicable.

**“Material Related Party Transaction”** for the purpose of this Policy, 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 the transactions to be entered into individually or taken together with previous transactions during a financial year, exceed five per cent 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 existing/ongoing related party transactions as originally approved by the Audit Committee having variation in the existing approved value of the transactions by 25% or more or by Rs. 150 crore, whichever is higher.

**“Ministry”** means the Ministry of Corporate Affairs, India;

“**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 under Section 2(76) of the Act or under the applicable accounting standards, as amended from time to time.

In terms of the Listing Regulations, 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;
  - i. of 20% or more; or
  - ii. of 10% or more with effect from *April 1, 2023*;

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.

In terms of the Listing Regulations, 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 by the Company 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.

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

The Company, on the basis of the definition of the Related Parties as provided above, shall identify the Related Parties and maintain a list of such parties tracking the transactions, if any, with such parties. The team of controllers under the Group Chief Financial Officer and the functional heads of the Company shall identify the transactions for seeking approval of the Audit Committee.

The list of Related Parties shall be updated based on the disclosures received from the Directors/Key Managerial Persons (and their relatives) of the Company and its subsidiaries.

#### **5. *Procedure:***

In terms of the Regulation 23 of the Listing Regulations, the Related Party Transactions may 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:
- i. exceeds 10% of the annual consolidated turnover, as per the last audited financial statements of the Company (*effective April 1, 2022*);
  - ii. exceeds 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary of the Company (*effective April 1, 2023*).

The above mentioned transactions shall be approved only by the independent directors of the Company and members of the Committee.

***II) Prior approval of the Audit Committee of the Company not required for the following***

- 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 members 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 of the Listed Subsidiary, if the provisions of regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such Listed Subsidiary.
- Related Party Transactions of unlisted subsidiaries of a Listed Subsidiary as referred to in the above point, the prior approval of the audit committee of the Listed Subsidiary shall only be required.

**III) 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 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. 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;

- c) Audit Committee shall review the details of Related Party Transactions entered into by the Company 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 1<sup>st</sup> and ending on March 31<sup>st</sup> 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 the following.
  - (i) transaction(s) in respect of selling or disposing off the Undertaking of the Company; and
  - (ii) transaction(s) with respect to brand usage or royalty payments.

Each Material Related Party Transaction shall also require prior approval of the Board and 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 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 approval by it shall be as specified under the 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 or Related Party?
- 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 Key Managerial Personnel of the Company; and
- Any other factors the Committee deems relevant.

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

All Material Related Party Transactions and subsequent Material Modifications, if any, thereto as approved by the Audit Committee may require prior approval of the Board of Directors and the Members of the Company. 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.

Provided that the requirements specified under this sub-regulation shall not apply in respect of the following

- Related Party Transactions between the Company and its wholly owned subsidiaries and between two wholly owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the members 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.

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

#### **6. *Disclosures:***

The particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under the Listing Regulations and the Act.

This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in its annual report.

Details of all material transactions with related parties shall be disclosed quarterly along with compliance report on corporate governance filed with the stock exchanges.

From the date of publication of its standalone and consolidated financial results for the half year, the Company shall within 15 days, disclose related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website.

However, effective from April 1, 2023, such disclosures shall be made to the stock exchanges on the same date on the publication of the standalone and consolidated financial results for the half year.

#### **7. *Review:***

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

**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.

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*This Policy was last amended by the Board of Directors at its meeting held on April 22, 2022*