



JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

JANUARY 2023

INDEX

Sr. No.	Particulars
1.	Introduction
2.	Purpose
3.	Definitions
4.	Identification of the Related Parties
5.	Procedures
6.	Exception to obtain the required approvals
7.	Disclosures
8.	Review
9.	Amendment

1) Introduction:

JM Financial Asset Reconstruction Company 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 applicable provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and the Companies Act, 2013, 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.

2) Purpose:

The 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 provisions of the Regulation 23 of the Listing Regulations read with relevant provisions of Companies Act, 2013.

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 Asset Reconstruction Company 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;
- 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;

“Material Related Party Transaction” means the transaction(s) with a Related Party to be 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 recent annual 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 transaction(s) 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.

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

In terms of the Listing Regulations, the following shall be deemed to be the Related Party:

- 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 Transaction” shall have the same meaning as defined under the Listing Regulations.

4) Identification of the Related Parties:

The Company, on the basis of the definition of the Related Party as provided above, shall identify the related party and maintain a list of such parties tracking the transactions, if any, with such parties.

5) Procedures:

This Policy will operate within the framework of the Regulation 23 of the Listing Regulations read with the Act and Rules thereunder, as amended from time to time.

A. Approval of Related Party Transaction

Audit Committee Approval

All Related Party Transactions and subsequent material modifications, if any shall require prior approval of the Audit Committee. 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;
- c. Such omnibus approval shall specify (i) the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transactions that shall 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;

Provided that 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;

- d. The 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;

- e. 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;
- f. 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 and/or the Rules, as may be applicable.

If any Member of the Committee is interested in any contract or 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 or arrangement.

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

The information required to be placed before the Audit Committee for grant of approval by it shall be as specified under the criteria as approved by the Audit Committee and the Board and the applicable provisions of the Listing Regulations and the SEBI circular(s) as issued in this regard.

Factors to be considered by the Audit Committee while approving a Related Party Transaction:

- 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. Members' Approval

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. Provided that the requirements specified under this sub-regulation shall not apply in respect of a 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 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) as issued in this regard.

6) Exception to obtain the required approvals:

No approval of the Audit Committee and the Members shall be required for transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the members at the general meeting.

7) 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.

The Company shall on the date of publication of its standalone financial results for the half year, disclose Related Party Transactions in the format as specified by the SEBI from time to time, and publish the same on its website.

8) Review:

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

9) 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 issued by Securities and Exchange Board of India/Stock Exchanges, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

Place : Mumbai

Date :

Chairman