



**JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED**  
**POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS**

**APRIL 2025**

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### 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 Companies Act, 2013 (the “**Act**”). The Policy is meant to lay down principles that will guide the transactions amongst the related parties. The Policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, recommendation, approval and ratification as the case may be.

### 2) Purpose:

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 Act read with relevant rules including amendments, modifications, re-enactments thereof issued from time to time.

### 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 or re-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.

**“Material Related Party Transactions”** means any related party transaction as specified in Section 188 of the Act being contracts or arrangements with value (taken individually or together with previous transactions during the financial year) exceeding limits as prescribed in Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, as amended read with Section 188 of the Act.

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

**“Related Party Transaction”** shall mean any transaction or contract or arrangement with Related Party with respect to:

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company.

#### **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 parties 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 Act read with its rules including amendments, modifications, re-enactments thereof including all notifications, circulars, orders, clarifications and directions issued from time to time.

### **A. Audit Committee Approval**

All the transactions with Related Party shall require approval of the Audit Committee in accordance with the provisions of Section 177 of the Act. However, the Audit Committee may 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. The criteria so laid down by the Audit Committee should be approved by the Board of Directors of the Company;
- 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;

Such omnibus approval shall specify (i) the name of the related party and nature of relationship; (ii) nature, duration, maximum amount and particulars of transaction or contract or arrangement; (iii) the indicative base price/current contracted price and the formula for variation in the price, if any; and (iv) 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, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding Rs. 1 Crore per transaction.

- c. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

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;

- d. 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;

Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of the financial year. However, the Audit Committee may grant omnibus approval for such other lesser

period as may be specified by the Audit Committee and shall require fresh approval after its expiry.

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

The following information may be placed before the Audit Committee:

- Name of the Related Party and nature of relationship;
- Name of the director or Key Managerial Personnel, if any who is related;
- Nature, material terms and monetary value of the contract or arrangement along with justification; and
- Any other information relevant or important for the members to take a decision on the proposed related party transaction.

***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;
- Any other factors the Committee deems relevant.

***B. Approval of the Board of Directors***

The Board of Directors of the Company shall be required to approve such related party transactions as are required to be approved by it in terms of the Act.

***C. Approval of the Members***

Following transactions with related party, if not on arm's length and ordinary course of business, shall require approval of the shareholders of the Company:

- i. sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- ii. selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- iii. leasing of property any kind amounting to 10% or more of the turnover of the Company, as mentioned in clause (c) of sub-section (1) of section 188;
- iv. availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

Explanation: - The limits specified in clause (i) to (iv) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- v. appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; and
- vi. remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

All material related party transactions and subsequent material modifications to the transactions approved by the members shall require prior approval of the members of the Company.

The explanatory statement to be annexed to the notice of a general meeting convened to approve Material Related Party Transaction(s) shall inter alia contain the following particulars:

- Name of the related party;
- Name of the director or key managerial personnel who is related, if any;
- Nature of relationship;
- Nature, material terms, monetary value and particulars of the contract or arrangement;

- Any other information relevant or important for the members to take a decision on the proposed resolution.

**6) Exception to obtain the required approvals:**

The approval of the Board of Directors and the Members of the Company shall not be required for entering into the related party transactions as specified in Section 188 of the Act, if the transaction is in the ordinary course of business and at arm's length basis.

Also, no approval of the Audit Committee and the Members shall be required for any Material Related Party Transaction(s) to be entered between the Company and its wholly owned subsidiaries, if any, whose accounts are consolidated with the Company and placed before the members at the general meeting.

**7) Disclosures:**

This Policy shall be disclosed on its website and also in the Annual Report of the Company.

**8) Amendment/Review:**

This Policy may be reviewed from time to time and any amendment or modifications in this Policy shall be subject to the review and approval by the Board of Directors of the Company.

In case any amendments, clarifications, circulars and guidelines issued by the regulatory body(ies)/authority(ies) and such amendments, clarifications, circulars and guidelines are not being 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.

**Place : Mumbai**

**Date :**

**Chairman**