

# Jardine Henderson Ltd.

CIN: L51909WB1947PLC014515

4, Dr. Rajendra Prasad Sarani, Kolkata-700001

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## **POLICY ON RELATED PARTY TRANSACTIONS**

The Board of Directors (**the “Board”**) of Jardine Henderson Limited (**the “Company”**) has adopted this Policy on Related Party Transactions (**“the Policy”**), as required in terms of Section 188 of the Companies Act, 2013 (**“the Act”**) at its meeting held on 05 November, 2015. The Board or the Audit Committee of the Board (**“Audit Committee”**), subject to confirmation by Board, may review and amend this policy from time to time.

### **EFFECTIVE DATE**

This Policy shall become effective from the date of its adoption by the Board.

### **PURPOSE**

The Board recognizes that related party transactions present a potential or actual conflict of interest which may be against the best interest of the Company or its shareholders. Therefore the Board has adopted this Policy to ensure that all Related Party Transactions (**“RPT”**) with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions.

### **DEFINITIONS**

1. **“Applicable Law”** means the Companies Act, 2013 and the rules made thereunder, the Accounting Standards, the Listing Agreement and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
2. **“Compliance Officer”** means an officer of the Company as appointed by the Board.
3. **“Key Managerial Personnel”** means
  - a. the Chief Executive Officer or the Managing Director or the Manager;
  - b. the Company Secretary;
  - c. Whole-time Director;
  - d. the Chief Financial Officer.
4. **“Material Related Party Transactions”** means such Related Party Transactions (**‘RPT’**) to be entered into with a related party, value whereof individually or taken together with previous Related Party Transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the company as per the last audited financial statements of the Company or such other threshold as may be laid down from time to time by Applicable Law.

5. **“Relative(s)”** shall have the same meaning as assigned to it under Section 2 (77) of the Companies Act, 2013 and the Rules made thereunder and the Listing Agreement.
6. **“Related Party”** means any person or entity who is:
  - a. a related party under Section 2(76) of the Companies Act,2013 read with rules issued thereunder;
  - b. a related party under the applicable accounting standards; or
  - c. Any other person or entity as may be covered under Applicable Law from time to time.
7. **“Related Party Transaction”** means any transaction with a Related Party involving a transfer of resources or obligations that is subject to the provisions of Applicable Law and shall include the following:

Any transaction between a Company and its related party relating 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.
8. Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:
  - a. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of Companies Act, 2013, in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
  - b. Reimbursement of expenses incurred by a Related Party for business purpose of the Company.
  - c. Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.
  - d. Any transaction in which the Related Party’s interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
  - e. Any transaction which is in the ordinary course of business and on an arms’ length basis as determined in terms of this Policy
  - f. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and must be approved in advance by the Audit Committee.

All terms not defined herein shall take their meaning from the Applicable Laws.

## **POLICY STATEMENT**

### *A. Identification of Related Parties*

The Board of Directors shall at all times:

- a. Keep on record Company's Related Parties, along with their personal/company details based on the disclosures made by the related parties from time to time.
- b. Identify such managers, departmental heads and such other employees (Designated Employees) who are responsible for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
- c. The Board of Directors shall also set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (b) above.
- d. The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once a year, as on 1st April every year.

### *B. Procedures for review and approval of Related Party Transactions*

Taking into account the provisions of the Companies Act, 2013 and Rules made thereunder and relevant provisions of the Equity Listing Agreement, the Company's policy on Related Party Transactions is as follows:

- I. The Company shall not enter into any contract or arrangement with a Related Party without the approval of the Audit Committee. The Audit Committee may grant omnibus approval for such 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 such approval in line with this policy which shall be applicable to all repetitive transactions;
  - b. The Audit Committee shall review the need for such approval and satisfy that such approval is in the interest of the Company;
  - c. Such omnibus approval shall specify
    - (i) the name(s) of related party(ies), nature and period of transaction, maximum amount of transaction that can be entered into;
    - (ii) indicative base price/ current contracted price, if any;
    - (iii) such other conditions as the Committee may deem fit;
  - d. Where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval to such transactions subject to the value not exceeding Rs 1 Crore per transaction.

- e. Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval;
  - f. Such omnibus approval shall be valid for a period not exceeding 1 year and shall require fresh approvals after the expiry of 1 year.
  - g. The threshold limits for omnibus approval will be as follows:
    - i. Transactions with Related Parties below value of Rs. 50 lacs per transaction will not require prior approval of the Audit Committee. These shall be reported to the Committee quarterly.
    - ii. Transactions with Related Parties over and above the limit of Rs. 50 lacs shall require prior approval of Audit Committee.
- II. In the event any contract or arrangement is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such contract or arrangement.
- III. Where RPTs have been entered into prior to such transactions being placed before the Committee reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit Committee.
- IV. For the ease of carrying out transactions/ contracts/ arrangements of repetitive nature, the Audit Committee may grant omnibus approvals indicating such terms and conditions as it may deem fit on case to case basis. Such approvals shall be valid for that financial year only.
- V. Where the Audit Committee has granted omnibus approval for certain transactions, the transactions will be put for review before the Audit Committee quarterly in every financial year.
- VI. Exceptions allowed under Applicable Laws to Related Party Transactions may be exempted from the scope of this policy subject to the discretion of Audit Committee.
- VII. The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.
- VIII. If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of an ordinary resolution pursuant to Applicable Law, the Board shall ensure that the same be put up for approval by the shareholders of the Company.

- IX. If prior approval of the Audit Committee / Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.
- X. In any case where either the Audit Committee / Board / a General Meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee / Board has authority to modify or waive any procedural requirements of this Policy.
- XI. In determining whether to approve or ratify a RPT, the Audit Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favourable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.
- XII. No director or Key Managerial Personnel shall participate in any discussion or approval of a RPT for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.
- XIII. If a RPT will be ongoing, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Board, on at least an annual basis, shall review and assess ongoing relationships with the Related Party to ensure that they are in compliance with the Act and rules made thereunder, the Listing Agreement and this Policy and that the RPT remains appropriate.
- XIV. In addition, the Audit Committee / the Board may review any RPT involving independent directors as part of the annual determination of their independence.
- XV. Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

### C. *Standards for Review*

- I. Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee / Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:
  - a. the Related Party's interest in the RPT;
  - b. the approximate amount involved in the RPT;
  - c. contractual terms for the RPT and whether the same are comparative with the market standards and whether beneficial to the company.
  - d. whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
  - e. whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
  - f. the purpose of, and the potential benefits to the Company from the RPT;
  - g. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
  - h. Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director;
  - i. Whether the RPT would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee / Board deems relevant.
  - j. required public disclosure, if any; and
  - k. any other information regarding the RPT or the Related Party in the context of the proposed transaction that would be material to the Audit Committee / Board / shareholders, as applicable, in light of the circumstances of the particular transaction.

The Audit Committee / Board will review all relevant information available to it about the RPT. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the RPT only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

D. *Determination of Ordinary Course of Business*

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing/ giving of guarantees or collaterals or loans\_or any other financial assistance, in the normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organised manner for determining what is in the ordinary course business.

E. *Determination of Arms’ length nature of the Related Party Transaction*

a. Price Determination

At the time of determining the arms’ length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms’ length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.
- (ii) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

b. Screening of arms’ length RPT

A Related Party with whom the RPT is undertaken must have been selected using the same screening / selection criteria / underwriting standards and procedures as may be applicable in case of an unaffiliated party.

c. RPT limits:

- 1. The RPT must be within or lower than the limits of Material Related Party Transactions; and
- 2. Credit limits extended to the Related Party must be usual as for unaffiliated parties.

F. *Disclosures*

- a. The Company is required to disclose RPTs in the Company’s Board’s Report to shareholders of the Company at the Annual General Meeting.
- b. Details of all Material Related Party Transactions shall be disclosed quarterly along with the Company’s Compliance Report on Corporate Governance, in accordance with the Listing Agreement, if applicable.
- c. The Company is also required to disclose this Policy on its website and also provide web link to the same in the Annual Report of the Company.
- d. The Company shall keep one or more registers as specified under Applicable Law giving separately the particulars of all contracts or arrangements with any related party.