

## RELATED PARTY TRANSACTIONS POLICY

### 1 OBJECTIVES

John Deere Financial India Private Limited ('JDFIPL') is a Non-Banking Financial Company ('NBFC') operating under regulations/ directions of Reserve Bank of India ('RBI') and its activities are governed by the various Indian laws and RBI regulations/directions.

The objective / purpose of this Policy is to lay down a formal process of undertaking related party transactions between JDFIPL and its associated entities and reporting mechanisms thereof as per applicable laws and regulations.

### 2 REFERENCES

Document Number	Description	Revision/Date
JDF037	New Document	02 <sup>nd</sup> March 2020
JDF037A	Amendment to the policy	25 <sup>th</sup> April, 2022

### 3 APPLICABILITY

This Policy applies to all the transactions of JDFIPL with its related parties including changes, if any, from time to time and are governed by Companies Act 2013, Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time and rules framed thereunder.

### 4 DEFINITIONS

- a) "Related Party" means related party as defined in Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 ('SEBI Listing Regulations'), which inter alia provides that a "related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Further, any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of the shareholding in the Company shall be deemed to be a related party.

Pursuant to Section 2(76) of the Companies Act, 2013, related party with reference to a Company, means:

- i. a Director or his relative ;
- ii. a Key Managerial Personnel (KMP) or his relative ;
- iii. a Firm, in which a director, manager or his relative is a partner ;
- iv. a Private Company in which a director or manager or his relative is a member or director;
- v. a Public Company in which a director or manager is a director and holds along with his relatives, more than 2% (two per cent) of its paid-up share capital;
- vi. any Body corporate whose board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;

- vii. any person under whose advice, directions or instructions a director or manager is accustomed to act; Provided that nothing in sub-clauses vi and vii shall apply to the advice, directions or instructions given in a professional capacity;
- viii. any body corporate which is –
  - a) a holding, subsidiary or an associate company of the Company;
  - b) a subsidiary of a holding company to which it is also a subsidiary;
  - c) an investing company or the venturer of the CompanyFor the purpose of clause viii above, “the investing company or the venturer of a company” means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate.
- ix. Director (other than Independent Director) or Key Managerial Personnel (“KMP”) of the holding company or his relative;

- b) “Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –
  - i. They are members of a Hindu undivided family (HUF) ;
  - ii. They are husband and wife ; or
  - iii. Father (including step-father)
  - iv. Mother (including step-mother)
  - v. Son (including step-son)
  - vi. Son’s wife
  - vii. Daughter
  - viii. Daughter’s husband
  - ix. Brother (including step-brother)
  - x. Sister (including step-sister).
- c) “Associate Company” means a company in which the other company has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture company.
- d) “Significant Influence” means control of at least 20 (twenty) % of the total voting power or control of or participation in business decisions under an agreement.
- e) “Joint Venture” means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
- f) “Control” shall include:  
The right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders’/voting agreements etc.;
- g) “Related Party Transaction” (“RPT”) means any transaction directly or indirectly involving any Related Party, which includes transfer of resources, services or obligations between the Company and a related party, regardless of whether or not a price is charged, either single or a group of transactions in a contract.
- h) ‘Specific Related party transaction (‘SRPT’)’ mean all transactions between JDFIPL on one hand and one or more related party on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) clause (a) to (g) of the Companies Act.

- i) "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.
- j) "Office or Place of Profit" means any office or place:
- i. where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent free accommodation, or otherwise;
  - ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- k) 'Ordinary Course of Business ('OCB')' means a transaction which is carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') and the Articles of Association ('AoA').
- l) 'Board of Directors or Board' means the collective body of the Directors of JDFIPL constituted from time to time.
- m) 'Audit Committee' means the Audit Committee constituted by the Board of Directors of JDFIPL in accordance with Section 177 of the Companies Act.
- n) 'Company Secretary' means a Company Secretary as defined in Section 2 (24) of the Companies Act.
- o) 'Key Managerial Personnel ('KMP')': shall mean-
- i. The Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
  - ii. The Company Secretary;
  - iii. The Chief Financial Officer; and
  - iv. Such other person as may be specified as KMP from time to time and defined under section 2(51) of the Companies Act 2013.
- p) "Responsibility Officer" means the Chief Financial Officer (CFO) of the Company. The Board may, appoint such other officer as it may consider proper as such Responsibility Officer(s).
- q) "Applicable Laws" means the Companies Act, 2013 and the rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- r) 'Material Related Party Transaction' A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

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

## 5 POLICY

All Related Party Transactions shall be subject to prior approval of the Audit Committee except for the transactions entered into between a holding company and its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

In case the transactions entered into between a holding company and its wholly owned subsidiary which are not in ordinary course of business and/or not on arm's length basis mandatorily require prior approval of the Audit Committee.

Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

All transactions with related parties must be entered into at arm's length basis. Borrowings and lending / investment transactions with related parties, if any, must necessarily be executed substantially at the same terms, including mark-up interest rates and collaterals, as those prevailing at the time of similar transactions with unrelated parties; and

All RPTs which are not in Ordinary Course of Business or not at Arm's Length or both will additionally require prior approval of Board of Directors and Shareholders through special resolution as per the Companies Act (as amended from time to time).

## 6 IDENTIFICATION OF RELATED PARTY TRANSACTION

- a) Identify and keep on record list of Company's Related Parties, along with their requisite details.
- b) The Responsibility Officer shall identify such functional heads, departmental heads and such other employees (hereinafter referred as "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 Related Parties.
- c) The Responsibility Officer 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 in every six months.
- e) The Responsibility Officer shall be responsible for implementation and monitoring of the Company's RPT Policy at all times and submit a report to the Audit Committee periodically for review.
- f) Related parties will be identified on an ongoing basis in line with Section 2(76) of the Companies Act and Accounting Standard issued by Institute of Chartered Accountants of India;
- g) Directors and KMPs, would be responsible for promptly notifying (within a period of 30 days of his/her appointment, or relinquishment of his office in other Companies/Firms/bodies corporate,

as the case may be) JDFIPL through Company Secretary in case of any changes / updates occurring in the related parties and in respect of details pertaining to such related parties declared by them. Such information should be notified well in time to enable review by Audit Committee and determine whether the transaction does, in fact, constitute a RPT requiring compliance of this Policy;

## 7 THRESHOLD LIMITS

The Committee/ Board shall fix and approve the threshold limit for each individual transaction as may be placed for approval from time to time.

Further, the Audit Committee may also fix the threshold limits for the transactions under the omnibus approval in the manner specified in subsequent sections.

## 8 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

### A. Audit Committee Approval

RPTs, if any, will be referred to the Audit Committee for review and prior approval. Provided that with effect from the appointment of Independent Directors on the Audit Committee, only those members of the audit committee, who are independent directors, shall approve related party transactions.

The Audit Committee may grant Omnibus Approval for RPTs proposed to be entered into by the Company subject to the following conditions:

- I. It shall, after obtaining approval of the Board of Directors, lay down the criteria for granting the omnibus approval in line with the Policy, which shall include the following, namely:
  - a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
  - b) the maximum value per transaction which can be allowed;
  - c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
  - e) transactions which cannot be subject to the omnibus approval by the Audit Committee.
- II. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
  - a) repetitiveness of the transactions (in past or in future);
  - b) justification for the need of omnibus approval.
- III. It shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
- IV. Such omnibus approval shall specify: –
  - The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
  - The indicative base price / current contracted price and the formula for variation in the price if any, and

- Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
  - Provided that where the need for RPT 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 (One) crore per transaction.
- V. It shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- VI. Such omnibus approvals shall be valid for a period not exceeding 1 (one) financial year and shall require fresh approvals after the expiry of 1 (one) financial year.
- VII. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- VIII. Any other conditions as the Audit Committee may deem fit.

In order to review a RPT, the Audit Committee will be furnished with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

In determining whether to approve a RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT:

- a. Name of the related party and the relationship
- b. Nature and duration of transaction and material terms including the value, if any
- c. The manner of determining the pricing and whether the terms of the RPT are fair and on arm's length basis to the Company
- d. Business rationale for such transactions.

In case of transaction, other than transactions referred to in Section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board. Further, in case any transaction involving any amount not exceeding Rupees 1 (one) crore is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within 3 (three) months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the Company against any loss incurred by it.

The requirement of obtaining Audit Committee approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

## B. Board Approval

If the Audit Committee determines that a RPT should be brought before the Board, or it is mandatory under any Applicable law for Board to approve a RPT, or in the case of Specific RPTs, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

### C. Shareholder's Approval

If the Audit Committee and the Board determines that a RPT should be brought before the Shareholders, or it is mandatory under any Applicable law for the shareholders to approve a RPT or in case of material RPTs, then such shareholder approval, as may be necessary or appropriate under the circumstances, shall be obtained and the considerations set forth above shall apply to the Shareholders' approval of the matter.

However, all material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

### 9 RPT'S NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

### 10 COMPLIANCE & DISCLOSURE:

- a) This Policy will be hosted on the Company's website of JDFIPL and shall be included in the Annual Report with a weblink. Further, details of all material transactions with related parties shall be disclosed in the annual report;
- b) Every person associated with RPT shall be accountable for complying with the prevailing RPT Policy;
- c) The Board's Report shall contain details of contracts or arrangement or transaction which are (i) not at arm's length basis and (ii) material contracts or arrangement or transactions at arm's length basis and/ or at ordinary course of business, along with justification for entering into such transaction as per the provisions of Companies Act, 2013 and rules mentioned therein;

### 11 REVIEW & POLICY MANAGEMENT

This Policy shall be reviewed once in a year by the Board of Directors on the recommendations of the Audit Committee. The Audit Committee shall meet as and when any changes are required in the Policy. Any amendment /changes/deviations to this policy shall need approval of Board of Directors on the recommendation of the Audit Committee.

In the event this Policy is at variance with regulations/rules/laws/Acts at any stage due to omissions or changes in regulations/rules /laws/Acts, the respective regulations/rules/laws/Acts shall prevail.





The Audit Committee/ Board has authority to modify or waive any procedural requirements of this Policy with respect to existing Related Party Transactions (RPTs).

This Policy shall operate prospectively and all the agreements which have been entered before the effective date of this Policy and are in accordance with the then prevailing laws shall be valid and effective.

This Policy will be communicated to all Directors, KMPs, functional heads and other Designated Employees of the Company.

## 12 RECORDS MANAGEMENT AND RETENTION

### a) Record Management and Retention

Finance Department shall assist in ensuring that all the matters enumerated in here are complied with.

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### b) Document Change Records

Document Change Records					
Sr. No.	Revision no./ date	Section Revised/ Page No.	Reason change	For	Change Description

Need to know departments				
Finance	Operations	IT	Legal	Credit
Yes	No	No	Yes	No
Sales	Collection	HR	Wholesale	Risk and Compliance
No	No	No	No	Yes
Bank Relationship	Shared services-Direct Tax	Shared services-In Direct Tax	Shared services-Treasury & payroll, Payables	
No	Yes	Yes	No	

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