

Related Party Transaction Policy

1. PREFACE

Ceejay Finance Limited (the “Company”) recognizes that Related Party Transactions can present potential or actual conflict of Interest and may raise questions about whether such transactions are consistent with the Company’s and its stakeholder’s best Interests.

Therefore this policy regarding the review and approval of Related Party Transactions has been adopted by the Company’s Board of Directors in order to set forth the procedures under which certain transactions must be reviewed and ratified.

The Company also has a code of conduct for all employees, officers and Directors of the Company, which emphasizes that all possible conflict of interest should be avoided.

2. PURPOSE

2.1 The Policy is intended to provide guidance to the executive officers and Directors of the Company to help them recognize and deal with actual or apparent conflict of interests.

This policy is framed in accordance with the Companies Act, 2013 and Clause 49 of the Listing Agreement to ensure the proper approval and reporting of transactions between the Company and its Related Party.

3. DEFINITIONS

3.1 “**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.

3.2 “Related Party”

An entity shall be considered as related to the Company if:

1. Such entity is a related party under section 2(76) of the Companies Act, 2013 or
2. Such entity is a related party under the applicable accounting standards.

Section 2(76) defines related party as:

- (i) a director or his relative;
- (ii) a key managerial personnel 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 is a member or director;

(v) a public company in which a director or manager is a director or holds along with his relatives, more than 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 on 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 company which is—

a. a holding, subsidiary or an associate company of such company; or

b. a subsidiary of a holding company to which it is also a subsidiary;

(ix) such other person as may be prescribed;

3.3 “Related Party Transactions” means contract or arrangement with a related party with respect to the following and includes transfer of resources, services or obligations between a Company and a related party, regardless whether a price is charged:

(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.

3.4 “Material Related Party Transaction” a transaction with a related party shall be considered Material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

3.5 “Key Managerial Personnel in relation to a company, means-

(i) the Chief Executive Officer or the managing director or the manager;

(ii) the company secretary;

(iii) the whole-time director;

- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed;

3.6 “Relative” with reference to any person, means anyone who is related to the another, if

- (i) they are members of a Hindu Undivided Family;
- (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 mother)
- (x) Sister (including step-sister)

3.7 “Turnover” means the aggregate value of the realization of amount mane from the sale, supply or distribution of goods or on account of services rendered, or both, by the Company during a Financial year;

3.8 “Net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation

Explanation: The Turnover or Net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding year.

4. AUDIT COMMITTEE APPROVAL

4.1 All related party transactions shall require prior approval of the audit committee. However, Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions:

a. the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;

(b) the audit committee shall satisfy itself regarding 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(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 rupees one crore per transaction

d. the audit committee shall review, atleast on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

(e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

4.2 Exception: The requirement of obtaining the prior approval of audit committee shall not be applicable in following cases.

(a) transactions entered into between two government companies;

(b) transactions entered into between a holding company and its wholly owned subsidiary

whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval

5. BOARD'S APPROVAL

5.1 Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a 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

5.2 Exception: However, any of the aforesaid transactions shall not require prior approval of the Board of Directors provided the transaction is in the ordinary course of business and on arm's length basis.

5.3 Disclosure require for obtaining Board's approval

The Agenda of Board Meeting at which the resolution is proposed to be moved shall disclose-

- (a) the name of the related party and nature of relationship
- (b) the nature, duration of the contract and the particulars of the contract or arrangement
- (c) the material terms of the contract or arrangement including the value, if any;
- (d) any advance paid or received for the contract or arrangement, if any;
- (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of contract;
- (f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- (g) any other information relevant or important for the board to take a decision on the proposed transaction.

6. SHAREHOLDER'S APPROVAL

6.1 Except with the prior approval of the Company

(i) a company shall not enter into any contract or arrangement with a related party with respect to the following-

- (a) sale, purchase or supply of any goods or materials directly or through appointment of agent, exceeding 10% of the turnover of the Company
- (b) selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent, exceeding 10% of net worth of the Company
- (c) leasing of property of any kind, directly or through appointment of agent, exceeding 10% of turnover of the Company
- (d) availing or rendering of any services, directly or through appointment of agent, exceeding 10% of the turnover of the Company

Explanations: it is hereby clarified that the limits specified in clause (a) to (d) shall apply for transaction or transactions to be entered either individually or taken together with the previous transactions during a financial year.

- (e) appointment of any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000/-
- (g) remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the Net worth.

Exception: However, any of the aforesaid transactions shall not require prior approval of the shareholders provided the transaction is in the ordinary course of business and on arm's length basis.

6.2 All material related party transactions shall require approval of shareholders through Resolution and all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

However, in the following cases approval of the shareholders through special resolution is not required.

- (a) transactions entered into between two government companies;
- (b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

6.3 Disclosure required for obtaining shareholders approval:

The Explanatory statement to be annexed to the notice of general meeting convened for the purpose of obtaining shareholders approval shall contain the following particulars namely:-

- (a) name of the related party
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms and particulars of the contract or arrangement.
- (e) any other relevant information

7. RESTRICTIONS ON VOTING

The members of the Company shall not vote on resolution for approving contract or arrangement, if such member is a related party to it.

In case of wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

8. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

8.1 in the event the company becomes aware of a related party transaction that has not been approved by the committee, the matter shall be reviewed subsequently by the

committee. The Committee shall consider all the relevant facts and circumstances regarding the related party transaction and shall examine the facts and circumstances pertaining to the failure of reporting of such related party transaction to the committee and shall take any such action it deems appropriate.

9 RATIFICATION OF THE UN-APPROVED TRANSACTIONS

9.1 If any contract or arrangement is entered into by the director or any other employee with any related party without obtaining the consent of the Board or Shareholders as the case may be. The transaction shall be ratified by the Board/Shareholders at meeting within three months from the date of entering into contract or arrangement.

9.2 if the transactions is not ratified within the said time period, then it shall be voidable at the option of the board. If the contract or arrangement is with related party to any director or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

9.3 in any case, where the committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

10. DISCLOSURE REQUIREMENTS

10.1 All the prospective contracts/arrangements with related parties shall be disclosed to the Company Secretary/CFO in advance.

10.2 All the Related Party Transactions requiring the Board/Shareholders approval shall be disclosed in the Board Report along with the justifications for entering into such transactions.

10.3 Details of all material transactions with the Related Parties shall be disclosed quarterly.

10.4 The Policy shall also be on the website of the Company.

11. AMENDMENT

The Board may as it deems fit amend the policy from time to time. In any case if there is a contradiction between the policy and the law in force, then the law shall supersede the policy.