

RELATED PARTY TRANSACTION POLICY

GEECEE FINCAP LIMITED

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(Effective from 18th May, 2017)

RELATED PARTY TRANSACTION POLICY

1. PREAMBLE

Geecee Fincap Limited (the Company) has always been committed to good corporate governance practices. As a matter of practice, the Company follows arm's length basis in transacting business with related party which are in ordinary course of business. The Board of Directors (the "Board") of the Company, has adopted the following policy and procedures with regard to Related Party Transactions upon recommendation of Audit Committee. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company. The said policy includes materiality thresholds and the manner in dealing with the Related Party Transaction (RPT) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules thereunder and Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. The Audit Committee will review and may amend this policy from time to time.

2. PURPOSE

This policy is framed as per mandatory requirement of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 which requires formulation of policy on Related Party Transaction and also intends to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

3. DEFINITIONS

“**Act**” means The Companies Act, 2013, and rules framed thereunder, including any modifications, amendments, clarification, circulars or re-enactments thereof.

“**Arm’s Length Basis**” means a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest.

“**Associate Company**” means a Company as defined in Section 2(6) of the Companies Act, 2013.

“**Audit Committee**” means Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013 and Chapter XI of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

“**Board**” means Board of Directors of the Company.

“**Company**” means Geecee Fincap Limited

“**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“**Key Managerial Personnel**” means key managerial personnel as defined under Section 2(51) of the Companies Act, 2013.

“**Material Related Party Transaction**” means a transaction with a related party 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.

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“**Net Worth**” as defined in Section 2 (57) of the Companies Act, 2013, 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.

“**Policy**” means current policy on Related Party Transaction Policy, including amendments, if any, from time to time.

“**Related Party**” means related party as defined in Sub- Section (76) of Section 2 of Companies Act, 2013 which is as follows:

- (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;

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“Related Party Transaction” means any transaction involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

“Relative” means as defined in Section 2(77) of the Companies Act, 2013 and also as per Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014.

Section 2 (77) defined relative with reference to any person, means anyone who is related to another, if-

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to another in such manner as may be prescribed;

Companies (Specification of definition details) Rules, 2014: A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (1) Father, provided that the term “Father” includes step-father.
- (2) Mother, provided that the term “Father” includes step-mother.
- (3) Son, provided that the term “Son” includes the step-son.
- (4) Son’s wife
- (5) Daughter.
- (6) Daughter’s husband.
- (7) Brother, provided that the term “Brother” includes the step-brother;
- (8) Sister, provided that the term “Sister” includes the step-sister.

“Subsidiary Company” means a company as defined under Section 2 (87) of the Companies Act, 2013.

“Turnover” as defined in Section 2 (91) of the Companies Act, 2013, means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year;

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Reserve Bank of India Act, 1934 and applicable Directions and guidelines issued by Reserve bank of India.

4. POLICY

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

4.2 Prohibitions related to Related Party Transactions

All Related Party Transactions shall require prior approval of the Audit Committee. 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 the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

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- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c) Such omnibus approval shall specify the information with respect to actual or potential related party transaction which includes:
- i) the name/s of the related party;
 - ii) nature of transaction;
 - iii) period of transaction;
 - iv) maximum amount of transaction that can be entered into;
 - v) the indicative base price/ current contracted price & formula for variation in the price, if any;
 - vi) 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. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

Further, all Material Related Party Transactions shall require approval of the shareholders through ordinary 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.

4.3 Review and Approval of Related Party Transactions

Audit Committee Approval

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and 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. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a 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 proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other

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Related Party's interest in the transaction and the on-going nature of any proposed relationship and any other factors the Board/Committee deems relevant.

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 given.

Notwithstanding the foregoing, the following Related Party Transactions shall not require prior approval of Audit Committee or Shareholders:

- i. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- ii. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel 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.
- iii. 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.

Board Approval

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, 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.

Board Approval is required to be obtained for entering into the transactions relating to following as stated in Section 188 (1) of the Companies Act, 2013:

- (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.

For getting a Board's Approval, following things should be disclosed in the Agenda of Board Meeting as required by Rule 15 (1) of the Companies (Meetings of Board and its Powers) Rules, 2014:

- (a) the name of the related party and nature of relationship;
- (b) the nature, duration of the contract and 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 the 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.

Such resolution cannot be passed by circular resolution of Board of Directors.

Shareholders' Approval

All material related party transactions shall require approval of shareholders through resolution and the related parties shall abstain from voting on such resolution.

All the transactions, other than the Material Related Party Transactions, with the Related Parties which are not in the ordinary course of business or at Arm's Length basis shall also require the approval of the shareholder through resolution if so required under any law and the related party/ies with whom transaction to be entered into shall abstain from voting on such resolution.

SHAREHOLDERS' APPROVAL IS REQUIRED FOR ENTERING INTO TRANSACTION WITH RELATED PARTY.

NATURE OF RELATED PARTY TRANSACTION	MATERIAL RELATED PARTY TRANSACTIONS- COMPANIES ACT, 2013 (NOT IN ORDINARY COURSE OF BUSINESS AND NOT ON AN ARM'S LENGTH BASIS)
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	Amounting to 10% of the turnover of the company.
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	Amounting to 10% of the net worth of the company.
Leasing of property of any kind	Amounting to 10% of the turnover of the company.
Availing or rendering of any services, directly or through appointment of agent	Amounting to 10% of the turnover of the Company.
Appointment to any office or place of profit in the Company, its subsidiary company or associate company	Monthly Remuneration exceeding Rs. 2.5 Lakhs
Remuneration for underwriting the subscription of any securities or derivatives.	Exceeding 1% of Net Worth

The explanatory statement to the notice of general meeting convened pursuant to Section 101 of the Companies Act, 2013 should also contain the details as follows:

- (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, monetary value and particulars of the contract or arrangement;
- (e) Any other information relevant or important for the members to take a decision on the proposed resolution.

Transaction with subsidiary Company

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

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval by a ordinary resolution in the general meeting and if it is not ratified by the Board or shareholders within three months from the date on which such contract or arrangement was entered into, the Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

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. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

6. EFFECTIVE DATE AND REVIEW :

The Policy will be effective from the date of receiving approval from the Audit Committee and the Board of Directors i.e. 18th May, 2017. The Policy will be reviewed by the Board periodically and as and when required fit.