

Related Party Transaction Policy of Geojit Financial Services Limited

1. Purpose

Securities Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended (“Listing Regulations”) has mandated every listed company to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

Accordingly, the company has formulated this policy (Policy) on materiality of related party transactions and on dealing with related party transactions. This Policy regulates all transactions between the company and its related parties.

2. Definitions

2.1 “Act” means the Companies Act, 2013 (‘Act’) read with the Rules thereto including any subsequent amendments thereof.

2.2 “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. Pricing may not be the only determinant of a transaction being at arm’s length though it is an important factor. Therefore, the Company would apply judgment to conclude whether a transaction can be considered to be on an arm’s length basis.

2.3 “Audit Committee” means Audit Committee of the Board of Directors of the Company.

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

2.5 “Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof.

2.6 Material modifications” in relation to related party transaction shall mean any change/variation/modification in an existing related party transaction, resulting in exceeding monetary thresholds by ten percent or more of the originally approved transaction or which will change the nature of the transaction or resulting in terms of the agreement not meeting arm’s length test.

2.7 “Material Related Party Transactions” –

- 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 the thresholds specified in Schedule XII of the SEBI LODR regulation 2015, as provided below.

Consolidated Turnover of Listed Entity	Threshold
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than Rs. 20,000 Crore to upto Rs.40,000 Crore	Rs. 2000 Crore + 5% of the annual consolidated turnover of the listed entity above Rs. 20,000
(III) More than Rs. 40,000	Rs. 3000 Crore + 2.5% of the annual consolidated turnover of the listed entity above Rs 40,000 Crore or Rs. 5000 Crore, whichever is lower.

- or limit as may be prescribed under Listing Regulations.
- Transaction involving payment made to related party with respect to brand usage or royalty, shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year exceeds five percent of the annual consolidated turnover of the company as per the last audited financial statement of the Company.

2.8 “Related Party” is a party as defined in Section 2(76) of the Companies Act, 2013 read with Rules thereto and clause (zb) of Regulation 2(1) of the Listing Regulations.

2.9 “Related Party Transaction” or “RPT” means transactions as defined under Regulation 2(1) (zc) of Listing Regulations, as amended from time to time.

2.10 Related Party Transaction(s) of the Company

Related Party Transaction(s) where the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party.

2.11 Related Party Transaction(s) of the Subsidiary

Related Party Transaction(s) where the Subsidiary of the Company is a party to the transaction(s) / contract(s) / arrangement(s) with a related party, but the Company is not a party.

3. Policy

3.1 All Related Party Transactions shall be entered on arm's length basis.

3.2 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Company may deviate from the principle of arm's length, after obtaining approval from Audit Committee and the Board of Directors, as the case may be.

3.3 In exceptional circumstances, where permitted by law, Related Party Transaction(s) of the Subsidiary which exceed the threshold specified in Regulation 23 of the Listing Regulations, may deviate from the principle of arm's length, after obtaining approval from its audit committee and / or board of directors, as the case may be and approval of Audit Committee and Shareholders of the Company, if applicable.

3.4 All Related Party Transaction(s) of the Company shall be in compliance with the provisions of the Act, the Listing Regulations and the applicable Accounting Standards, as amended from time to time.

4. Approval

4.1 All Related Party Transaction(s) of the Company and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Board of Directors or the Shareholders of the Company, as the case may be, as required under and subject to the Act and the Listing Regulations.

4.2 All Related Party Transaction(s) of the Subsidiary exceeding the threshold of material related party transactions as specified in Regulation 23 of the Listing Regulations and subsequent Material Modifications thereto, shall require prior approval of the Audit Committee or the Shareholders of the Company, as the case may be.

4.3 Ratification of Related Party Transactions

The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- i. Transaction Value
The value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore.
- ii. Materiality
The transaction shall not qualify as a material related party transaction.
- iii. Rationale for Ratification
The rationale for inability to obtain prior approval for the transaction shall be presented to the Audit Committee at the time of seeking ratification.

iv. Disclosure

The details of the ratified transaction shall be disclosed as part of the half yearly disclosure of Related Party Transactions to the Stock Exchanges in accordance with listing regulations.

v. Additional Conditions

Any additional conditions or requirements specified by the audit committee shall be fulfilled.

5. Amendment

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act / Rules / Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.

6. Review

This Policy will be reviewed as and when required but atleast once in three years.
