



**CHARTERED FINANCE MANAGEMENT  
PRIVATE LIMITED**

**Related Party Transactions Policy**

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Recommended by: **Audit Committee of the Board of Directors**

Approved By: **Board of Directors**

## I. Related Party Transactions: Policy

### **Preamble**

1. Chartered Finance Management Private Limited (“CFML” or “the Company”), a financial services provider, promotes to be ethical and encourages authentic and transparent approach in all its transactions and dealings.
2. Considering the requirements to approve the Related Party transactions as prescribed under Section 177 and Section 188 of the Companies Act, 2013 (“the Act”), the company has framed a Policy about Related Party Transactions to ensure that during entering into transactions with related parties, so that there is no conflict of interest and/or violation of the regulatory policies.
3. Although CFML is not a listed Company, it has voluntarily adopted the Related Party Transaction Policy, based on the requirement as per Companies Act 2013.

### **Introduction: Objectives, Scope and Governance**

4. CFML or “the Company” may engage with Related Parties as provided in the “**Related Party Transactions Policy**” (hereinafter referred to as “RPT Policy” or “Policy”) of CFML which has been formulated considering the norms and requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“the Act”) read with the Rules framed there under and as amended from time to time.
5. The objective of this Policy is to set out a specified manner of dealing with the transactions between the Company and its related parties based on the Act, and any other statute as may be applicable to the Company.
6. This Policy is intended to ensure that proper reporting, approval, and disclosure processes are in place for all transactions between the Company and Related Parties.
7. The Company shall set out the Standard Operating Procedures for identification, approval, and review to ensure systemic compliance within the management of the organization.
8. The Scope of the Related Party Transaction Policy, covers below:
  - i. Materiality thresholds for Related Party Transactions.
  - ii. Related Party Transactions carried out in the ordinary course of business and at arm’s length price.
  - iii. Related Party Transactions to be entered into by the Company, except in accordance with the provisions of this RPT Policy.

### **Policy Governance**

9. This **Related Party Transactions Policy**” (hereinafter referred to as “**RPT Policy**” or “**Policy**”) of CFML has been adopted by the Board of Directors (the “Board”) on the recommendation of Audit Committee of the CFML. The Audit Committee of the Board is empowered to review and amend this Policy from time to time. In addition, this Policy shall be reviewed by the Board of Directors at least once in three years.
10. The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

11. Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

**Definitions:**

12. In this policy:

- a. **“Act”** means the Companies Act, 2013.
- b. **“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.
- c. **“Ordinary course of business”** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down principles for determining ordinary course of business in accordance with statutory requirements and other industry practices and guidelines.
- d. **“Company”** means Chartered Finance Management Private Limited.
- e. **“Relative”** with reference to a Director or KMP means the person as defined in Section 2(77) of the Act and rules prescribed thereunder.
- f. **“Related Party”** means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act
- g. **“Related Party Transaction”** is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged, including but not limited to the following:
  - i. sale, purchase or supply of any goods or materials;
  - ii. selling or otherwise disposing of, or buying, property of any kind;
  - iii. leasing of property of any kind.
  - iv. availing or rendering of any services.
  - v. appointment of any agent for purchase or sale of goods, materials, services or property.
  - vi. appointment to any office or place of profit in the company
  - vii. underwriting the subscription of any securities or derivatives thereof, of the company
  - viii. a transaction shall be construed to include a single transaction or a group of transactions in a contract.
- h. **“Material Related Party Transactions”** shall mean 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, with criteria mentioned below:
  - (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten per cent or more of the turnover of the company;

- (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten per cent. Or more of net worth of the company;
- (iii) leasing of property of any kind amounting to ten per cent. Or more of the turnover of the company;
- (iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten per cent. Or more of the turnover of the company;
- (v) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees;
- (vi) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent. of the net worth.
- i. **“Key Managerial Personnel”** shall mean the officers/employees of the Company as defined in Section 2(51) of the Companies Act, 2013.
- j. **“Employees”** shall mean the employees and office-bearers of the Company, including but not limited to Directors.
- k. **“Director”** means a person as defined in Section 2(34) of the Companies Act, 2013.

#### **Applicability:**

13. This policy is applicable to CFML. The policy may be adopted by the Board of Directors of the Company's subsidiaries. Accordingly, the terms 'Company', 'Board of Directors', 'Audit Committee', 'Nomination and Remuneration Committee', shall be construed with reference to the respective companies. In case the Company is not required to constitute any of the Committee as per the applicable provisions of the Companies Act, 2013, the reference to the Committees in this policy shall be read as the 'Board of Directors'.

#### **Related party transactions under the policy:**

14. Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and/or the Board of Directors of the Company in accordance with this policy.
15. Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.
16. The Audit Committee may grant omnibus approval to Related Party Transactions that are:
- a. repetitive in nature; and/or
  - b. entered in the ordinary course of business and are at Arm's Length.
  - c. Such omnibus approval shall specify:

- i. the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
  - ii. the indicative value and the formula for variation in the value, if any; and
  - iii. such other conditions as the Audit Committee may deem fit;
  - iv. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
17. The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.
18. The Audit Committee may grant omnibus approval for unforeseen Related Party Transactions that may occur between two Audit Committee meetings provided such transaction is at an arm's length and in the ordinary course of business. However, such approval shall not exceed Rs. 1 crore per transaction.
19. Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.
20. A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.
21. Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.
22. All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the Board who has a potential interest in such Related Party Transaction will recuse him or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.
23. Such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013.
24. 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.

### **Transaction at arm's length**

25. The Company has laid out the procedure to assess whether transactions with related parties are at an arm's length. Tests to determine that transactions are in "ordinary course of business" and on an "arms' length basis" shall be conducted on an ongoing basis.

### **Disclosure**

26. All Directors and KMP are required to disclose to the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every

financial year and of any change in such interest during the year in terms of Section 184 of the Companies Act, 2013.

27. Every related party transaction, if required under law shall be referred to in the Board's report along with the justification for entering into such contract or arrangement. The Company shall also maintain a Register in the prescribed form.
28. The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web-link thereto shall be provided in the Annual Report.