



J. J. FINANCE CORPORATION LIMITED

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

Preamble:

The Board of Directors (the “Board”) of J. J. Finance Corporation Limited (“JJFCL” or “the Company”), based on the recommendations of the Audit Committee, has adopted the Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions (the “Policy”) in accordance with Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which sets out a framework for proper approval and reporting of transactions between the Company and any of its directors or key managerial personnel or certain entities or persons related to them in such a way that they are in the best interest of the Company and the stakeholders. This Policy as framed and implemented by the Audit Committee, in lines with the latest applicable legal provisions and is effective from 2nd December, 2015. The Audit Committee would review and recommend to the Board any amendment / modification to the Policy, as and when required.

Definitions:

○ **“Act”**

Act means the Companies Act, 2013 and the Rules framed there under, including any modifications, clarifications, circulars or re-enactment thereof.

○ **“Regulations”**

Regulations mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).

○ **“Related Party”**

A person/entity is related to a company if:

1. such person/entity is related to the company in the manner specified under Sections 2(76) & 2(77) of the Companies Act, 2013 and/ or Regulation 2(zb) of the Regulations;
or
2. such person/entity is a related party under the applicable accounting standards.

○ **“Relative”**

with reference to any person, means anyone who is related to another as defined by Section 2(77) of the Companies Act 2013 & Regulation 2(zd) of the Regulations.

- **Key Managerial personnel (KMP):**

KMP are defined under Section 204 of the Companies Act, 2013.

- **Related Party Transactions:**

The term “related party transactions” refers to any contract or arrangement with a related party with respect to those transactions as specified under Section 188(1) of the Companies Act, 2013; and Clause 2(zc) of the Regulations.

- **Material Related Party Transactions:**

All transactions 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 thresholds as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **Approval of Related Party Transactions:**

All Related Party Transactions shall require prior approval of the Audit Committee.

Audit Committee shall approve only those related party transactions which are to be entered into in ordinary course of business and at arm’s length within the stipulated threshold value limits.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the conditions specified by the Regulations and as per the defined criteria.

Except with the consent of the Board of Directors and subject to such conditions as prescribed in the Act, company shall not enter into related party transactions which are not in the ordinary course of business and/or not at arm’s length price but whose value is within the limits as prescribed in the Act and rules made there under.

All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Details of all related party transactions as approved by the Audit Committee and/ or the Board, as the case may be, shall be placed before the Audit Committee and/ or the Board on quarterly basis for their review.

- **Registers of Contracts or Arrangements**

A Register of Contracts/Arrangements as prescribed, shall be maintained by the company and the register shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorised by the Board for the purpose, containing particulars of contracts or arrangements with a related party with respect to transactions requiring approval of the Board/General Meeting and other particulars as prescribed.

- **General**

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance. The Company shall disclose the policy on dealing with Related Party Transactions on its website. Furthermore all the related party transactions shall be disclosed in the Annual Report of the Company.

- **Amendment**

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. 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.

- **Related Party Transactions not approved under this Policy:**

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy, the matter shall be reviewed by the Audit Committee. The Audit 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 but not limiting to ratification, revision or termination of such Related Party Transaction.