

Fullerton India Credit Company Limited

Policy on Related Party Transaction

1. Definition of a related party

Under this Policy, the related party shall mean all persons/entities mentioned in Sec 2(76) of Companies Act, 2013 read with Rule 3 of Companies (Specification of Definition Details) Rules, 2014 and, include the following:

- a director or his relative;
- a key managerial personnel or his relative;
- a firm, in which a director, manager or his relative is a partner;
- a private company in which a director or manager or his relative is a member or director;
- a public company in which a director or manager is a director and/or holds along with his relatives, more than two per cent. of its paid-up share capital;
- 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;
- any person on whose advice, directions or instructions a director or manager is accustomed to act directions or instructions given in a professional capacity;
- any company which is (A) a holding, subsidiary or an associate company (>20% or control of business decisions under an agreement) of such company; or (B) a subsidiary of a holding company to which it is also a subsidiary;
- a director or key managerial personnel of the holding company or his relative with reference to a company.

Under this policy, the relative would have the same meaning as defined under Sec 2(77) of Companies Act, 2013 read with Rule 4 of Companies (Specification of Definition Details) Rules, 2014. Hence, the following would be considered relatives of an individual:

- Members of Hindu undivided family
- Husband or wife
- Father (including step-father)
- Mother (including step-mother)
- Daughter
- Daughter's husband
- Son (including step-son)
- Son's wife
- Brother (including step-brother)

- Sister (including step-sister)

2. Definition of related party transaction (RPT)

Under this Policy, the RPT is to be considered as per Sec 188 of Companies act 2013 including but not limited to the following:

- Sale, purchase or supply of any goods or materials
- Selling or otherwise disposing of, or buying, property of any kind
- Leasing of property of any kind
- Availing or rendering of any services
- Appointment of any agent for purchase or sale of goods, materials, services or property
- Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company, and
- Underwriting the subscription of any securities or derivatives thereof, of the company.

3. Powers and approval process to undertake RPTs

No transaction would be entered into with any related party, beyond the Single Borrower Limits prescribed by the RBI through Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Any RPT would go through the approval process as laid down by Sec 188 of Companies act, as briefly summarized below but not limited to the summary.

- Transactions that are entered into in the ordinary course of business, and on arms' length basis would be approved by the Audit Committee of the Board or the persons authorised by the Audit Committee as per the applicable law.
- Transactions, which are either not in the ordinary course of business or not on arm's length basis, would need the approval at the Meeting of the Board in addition to approval by Audit Committee.
- The following transactions would require an ordinary resolution by the general body of the Company, with those related parties who are parties to the contract or arrangement abstaining from voting:
 - Sale, purchase or supply of any goods or materials (directly or through agent) of more than 10% of annual turnover or Rs. 100 crores, whichever is lower.
 - Selling or otherwise disposing of, or buying, property of any kind (directly or through agent) of more than 10% of net worth or Rs. 100 crores, whichever is lower.
 - Leasing of property of any kind of more than 10% of net worth or 10% of turnover or Rs. 100 crores, whichever is lower.

- Availing or rendering of any services (directly or through agent) of more than 10% of turnover or Rs. 50 crores, whichever is lower.
- Appointment to any office or place of profit in the Company, its subsidiary company or associate company with remuneration exceeding Rs.250,000 per month
- Underwriting the subscription of any securities of the company or derivatives thereof with remuneration exceeding 1% of net worth

The Turnover or Net Worth shall be on the basis of the Audited Financial Statement of the preceding financial year

4. Disclosures related to RPT

- This Policy would be placed at the Company's website and would also form part of the annual report.
- The details of RPTs would be published in the annual report as may be required under any applicable law.
- Details of RPTs would be filed with Registrar of Companies periodically in the prescribed formats.

5. Exceptions

This Policy does not cover the

- Loans/ security or guarantees to directors or any other person in whom a director is interested as such transactions are strictly prohibited.
- Security or guarantee issued in respect of loans availed by subsidiary from banks or financial institutions.
