

FAMILY CREDIT LIMITED

RELATED PARTY TRANSACTIONS POLICY

PREAMBLE:

Family Credit Limited (“the Company”) is a wholly owned subsidiary of L&T Finance Holdings Limited. It is registered as a Non Banking Financial Company (NBFC) under the Reserve Bank of India (RBI) Act 1934 and classified as a Loan Company. The Company is professionally managed having good corporate governance and internal control system in place.

The Board of Directors (“the Board”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of the stakeholders, the Board of the Company, acting upon recommendation of its Audit Committee (the Committee), has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

PURPOSE:

The policy is not only to be in the best interests of its stakeholders but also in due compliance with the requirements of the Companies Act, 2013 and other applicable laws of the country. As per the section 188(3) of the Companies Act, 2013, any contract or arrangement entered into by any director or an employee without obtaining consent of the Board or approval by a special resolution in the general meeting, it has to be ratified by the Board or by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. This policy therefore lays down the mechanism to deal with Related Party Transactions.

DEFINITIONS:

“Act” means the Companies Act, 2013.

“Arms length transactions” means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Material Transactions” would mean related party transactions as defined under for contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rule, 2014 requiring shareholders’ approval.

“Related Party” is a party as defined in sub-clause (76) of sections 2 of the Act

“Related Party Transaction” or “RPT” means transactions as given under clause (a) to (g) subsection (1) of section 188. These include sale, purchase, leasing or supply of goods or property, availing / rendering of any services, appointment of agents for any of the above ,underwriting of securities, transfer of resources, services or obligations between a company and a related party regardless of whether price is charged.

POLICY:

All RPT’s should be referred to the Audit Committee of Family Credit Limited for approval / ratification irrespective of its materiality. The onus will be on Corporate

Accounts to refer RPT or potential RPT's to the Audit Committee. The Audit Committee shall consider the following while determining approval to an RPT –

- Nature of relationship with related party;
- Nature, material terms, monetary values and particulars of the contract or arrangement;
- Method and manner of determining the pricing and other commercial terms;
- Whether the transaction is at arm's length; and
- Any other information relevant or important for the Audit Committee / Board to take a decision on the proposed transaction.

Any changes in the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee and the Board. The Audit Committee / Board will give suitable directions / guidelines to implement the same.

Though the transactions entered into with S&A companies may be RPTs, they would be in the ordinary course of business itself and it would be ensured that the transactions would be at arm's length.

APPROVAL OF TRANSACTIONS:

The Audit Committee, on the recommendation of the management, will approve/ratify certain transactions with related parties which would occur on regular basis or at regular intervals. The Audit Committee shall at the end of each year appraise the position of the approved transactions to ensure that all necessary requirements are being complied with.

It has been decided that all Related Party Transactions in the normal course of business would be undertaken at arm's length price.

The Board will approve or ratify all RPT's which are not at arm's length and / or which are not in the ordinary course of business.

PROCEDURE:

All Material Transactions as defined under Rule 15 of the Companies (Meetings of Board and its Powers) Rule, 2014 would require prior approval of the shareholders, based on recommendation of the Board, through special resolution passed at the general meeting. 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 special resolution in the general meeting, it has to be ratified by the Board or by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

None of the parties concerned or having interest in the transaction, directly or indirectly, should vote on resolution for such transaction.

If the Audit Committee or its Chair or the concerned Corporate Accounts head determines that a RPT should be referred to the Audit Committee or if the Audit Committee in any case elects to review any such matter, the Audit Committee will review and approve the contracts /arrangements / transactions, including modifications.

DISCLOSURE:

Appropriate disclosures as required under the Act will be made in the Financial Statements, Board's Report, Stock Exchanges and website of the Company.