



**FUSION MICRO FINANCE LIMITED**

**RELATED PARTY TRANSACTION POLICY**

**Last reviewed on:** May 22, 2023

## **1. Preamble**

The Board of Directors (the “Board”) of Fusion Micro Finance Limited (FMFL), has adopted the following policy and procedures in order to comply with the requirements of Reserve Bank of India (RBI) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (“Directions”) vide its notification no. DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016. This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013 and Regulation 53(f) of (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Audit Committee will review and may amend this policy from time to time.

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

## **2. Purpose**

Such transactions are appropriate only if they are in the best interest of the Company and its stakeholders. The Company is required to disclose each year in the Annual Report certain transactions between the Company and Related Parties as well as the policy on dealing with the related party transactions.

## **3. Definitions**

**“Audit Committee”** means a Committee constituted under the provisions of NBFC Directions issued by Reserve Bank of India (RBI).

**“Board”** in relation to the Company, means the collective body of the directors of the company, as defined under Section 2(11) of Companies Act, 2013.

**“Key Managerial Personnel”** in relation to the Company means,

- (i) Chief Executive Officer or Managing Director or Manager;
- (ii) Chief Financial Officer; and
- (iii) Company Secretary.

as defined under Section 2(51) of Companies Act, 2013.

**“Related Party”** shall have the same meaning as defined under sec 2(76) of the Companies Act, 2013 or related party under applicable accounting standards.

**“Relative”** means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- iii. Father (including step-father)
- iv. Mother ( including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother ( including step-brother)
- x. Sister (including step-sister)

#### **4. Policy**

All Related Party Transactions shall be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

#### **5. Procedures for review and approval of Related Party Transactions**

**(a)** The Audit Committee will undertake an evaluation of the Related Party Transaction. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transactions, together with a summary of material facts, to the Board for its approval.

**(b)** If prior approval of the Audit Committee / Board for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board, if required, within 3 months or in the next board meeting after entering in the Related Party Transaction.

**(c)** No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/ Board.

**(d)** If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be in respect of transactions which are repetitive in nature.

**(e)** The omnibus approval shall specify;

- The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, and
- The indicative case price/current contracted price and the formula for variation in the price, if any;
- Such other conditions as the Audit Committee may deem fit. Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(i) The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

(j) Nothing in this Policy shall override any provisions of law made in respect of any matter stated in this Policy.

## **6. Determination of Arms' length nature of the Related Party Transaction**

Arm's length means a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest. The onus to prove that the particular transaction is on arm's length basis is on the company.

## **7. Disclosures**

1. The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.

2. The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.

3. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any related party.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

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