



BELSTAR MICROFINANCE LIMITED

## **Related Party Transaction Policy**

Reviewed by The Board of Directors On 28<sup>th</sup> January 2020

## Contents

1. SCOPE AND PURPOSE OF THE POLICY .....	3
2. OBJECTIVE OF THE POLICY .....	3
3. DEFINITIONS.....	3
4. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION.....	3
5. REPORTING OF RELATED PARTY TRANSACTIONS.....	4
6. DISCLOSURE OF THE POLICY .....	4
7. REVIEW OF THE POLICY.....	5



## 1. SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders, considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under. In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

## 2. OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company.

## 3. DEFINITIONS

**3.1 “Act”** means the Companies Act, 2013

**3.2 “Company”** means Belstar Investment and Finance Private Limited

**3.3 “Material Related Party Transaction”** means 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, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company “

**3.4 “Turnover”** has been defined as the aggregate value of the realisation of amount made from sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year. Accordingly, for the Company the ‘Total Income’, i.e., total of interest income and other income, is considered as the ‘turnover’.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013.

## 4. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTION

### 4.1 Approval of the Audit Committee

All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

Any member of the Committee who has a potential interest in any related party transaction will recuse themselves and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm’s length terms, would require approval of the Board of Directors or of shareholders as discussed subsequently.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to certain criteria/conditions as required under Regulation 23 and Companies

Rules, 2014 and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for one financial year.

Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval.

A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification.

#### **4.2 Approval of the Board of Directors of the Company**

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length terms, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to the transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will recuse themselves and abstain from discussion and voting on the approval of the related party transaction.

#### **4.3. Approval of the Shareholders of the Company**

All the transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are to be placed before the shareholders for their approval. It shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is concerned related party shall not vote on resolution passed for approving such related party transactions.

## **5. REPORTING OF RELATED PARTY TRANSACTIONS**

### **REPORTING TO BOARD OF DIRECTORS**

Statement of related party transaction as approved by the Audit Committee will be placed before the immediate next Board meeting after the Audit Committee meeting for their record and reference and any direction by Board of Directors will be followed by the Audit Committee.

### **REPORTING TO SHAREHOLDERS**

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

## **6. DISCLOSURE OF THE POLICY**

This Policy shall be uploaded in the website of the Company at <http://www.belstar.in>.

## 7. REVIEW OF THE POLICY

This Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the Policy due to change in regulations or as may be felt appropriate by the Audit Committee, and such changes shall be submitted for approval by the Board.

