



**POLICY ON RELATED PARTY TRANSACTION  
BRANCH INTERNATIONAL FINANCIAL SERVICES PRIVATE LIMITED**

**Version Control**

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## **1. About the Company:**

Branch International Financial Services Private Limited (the “Company” or “Branch”) is a non-deposit-taking non-banking finance company (NBFC-ND) registered with the Reserve Bank of India. The Board of Directors (the “Board”) of the Company has adopted the Related Transaction Policy (“Policy”) ensuring compliance with the provisions of section 188 pertaining to related party transactions specified under the Companies Act, 2013 (“the Act”), including the rules made thereunder and relevant directions issued by the Reserve Bank of India (as amended from time to time) [“RBI Master Directions”]. Further, Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 prescribe the terms of reference of the Audit Committee which inter alia includes review and approval of RPTs

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

## **2. OBJECTIVE**

This Policy aims to provide a broad framework to the Company for good corporate governance in matters concerning Related Party Transactions. This Policy sets out the process that must be adopted by the Company to give effect to a Related Party Transaction entered by the Company. This Policy will ensure that related party transactions of the Company are carried out in a transparent manner i.e. in ordinary course of business and at arm’s length basis as per the applicable provisions of the Companies Act 2013 and other applicable laws. This policy also aims at providing guidance in situations of potential conflict of interest and compliance matters relating to related party transactions.

The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

## **3. SCOPE**

The policy shall be applied in:

- Identifying Related Parties, updating and maintaining the database of such Related Parties.
- Identifying Related Party Transactions
- Identifying whether the Related Party Transactions are in Ordinary Course of Business and at Arm’s Length in relation to the Related Parties
- Obtaining requisite approvals in relation to the Related Party transactions
- Determining the disclosures to be made about these transactions



#### 4. DEFINITIONS

- a. **“Arm’s length transaction”** Explanation (b) to Section 188(1) of the Act defines an "arm's length transaction" to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- b. **“Associate Company”** In terms of Section 2(6) of the Act "Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. For the purposes of this term 'Associate Company', "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.
- c. **“Audit Committee or Committee”** means the Committee duly constituted by the Board of Directors of the Company as per RBI Master Directions and Companies Act and perform such powers, functions and duties as laid down under Section 177 of the Act.
- d. **“Board”** means Board of Directors of the Company.
- e. **‘Key Managerial Personnel’ (KMP)** means Key Managerial Personnel as defined under the Companies Act, 2013.
- f. **“Material Related Party Transaction”** means such transactions as provided in Section 188 of the Act entered into with a related party as defined under Section 2(76) of the Act that is not in the ordinary course of business or not at an arm’s length basis and exceeds the threshold as specified in Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2015.
- g. **Key Management Personnel (KMPs)** shall include following key managerial personnel as per section 2(51) of the Companies Act, 2013.
- (i) the Chief Executive Officer or the managing director or the manager
  - (ii) the company secretary
  - (iii) the whole-time director
  - (iv) the Chief Financial Officer
  - (v) such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
  - (vi) such other officer as may be prescribed
- h. **“Policy”** means Related Party Transaction on Policy.
- i. **“Related Party”** means a related party as defined under Section 2(76) of the Act and shall include all related parties as per the applicable accounting standards and shall also include following related parties as defined under Section 2(76) of the Companies Act, 2013



- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital;
- (vi) 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;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- j. **“Related Party Transaction”** means any transaction directly and indirectly involved any Related Party which is transfer of resources, services or obligations, regardless of whether a price is charged and includes –
- a. Sale, purchase or supply of any goods or materials;
  - b. Selling or otherwise disposing of, or buying property of any kind;
  - c. Leasing of property of any kind;
  - d. Availing or rendering of any services;
  - e. Appointment of any agent for the purchase or sale of goods, materials, services or property;
  - f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
  - g. Underwriting the subscription of any securities or derivatives thereof, of the Company;
- (The above is an indicative list and not an exhaustive one).

- k. **“Relative”** means a relative as defined under Sec on 2(77) of the Act and includes anyone who is related in any of the following manner –
- Members of a Hindu undivided family;
  - Husband or wife;
  - Father (including step-father);
  - Mother (including step-mother);
  - Son (including step-son);
  - Son's wife;
  - Daughter;
  - Daughter's husband;
  - Brother (including step-brother); or
  - Sister (including step-sister).

- l. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.



m. **“Subsidiary Company” or “Subsidiary”**, means any other Company in which the Company— controls the composition of the Board of Directors; or exercises or controls more than one-half of the total share capital total voting power either at its own or together with one or more of its subsidiary companies, as defined under Sec on 2(87) of the Act.

n. **“Senior Management”** means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, as well as the functional heads engaged in Financial Control, risk management, compliance and internal audit are following under the preview of the regulations. Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013.

#### **POLICY CONTENT:**

##### **5. Identification of Potential Related Party Transactions**

All Related Party Transactions, which are not on arm’s length basis will be brought to the Audit Committee’s attention in the manner specified in this Policy.

The Audit Committee, through the Secretarial Department of the Company, will determine whether the Transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Any potential Related Party Transactions that are brought to the Company Secretary’s attention may also be examined by the Company’s Legal Department or outside counsel, if necessary, in consultation with the Company’s management and as may be appropriate, to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring specific compliance with this Policy.

##### **6. Review and Approval of Related Party Transactions**

1. **Approval of Audit Committee:** In accordance with the Section 177 of the Act, all Related Party Transactions shall be subject to the prior approval of the Audit Committee except the transaction and/or subsequent modifications thereto is in the ordinary course of business and at arm’s length price. However, the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.



**Consideration by the Audit Committee in approving the proposed transactions:**

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

**Standing Pre-Approval / Omnibus Approval by the Audit Committee:**

Audit Committee may also grant omnibus approval for related party transaction proposed to be entered into by the Company subject to fulfilment of the following conditions:

- A. The Audit Committee may approve related party transactions under omnibus route subject to fulfilment of the criteria laid in the Rule 6A of the Companies (Meetings of Board and its Powers) Rules 2015 read with Section 177(4) of the Act; and such other criteria as the Committee may deem fit.
- B. The Audit Committee shall satisfy itself the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
- C. Transactions put up for omnibus approval shall specify/disclose the name/s of the related party, nature of transaction, period of transaction, maximum value of transaction that can be entered into, aggregate value of such transactions,
- D. the indicative base price / current contracted price and the formula for variation in the price if any and such other information 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 Rs.1 Crore per transaction.

Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

In case of a transaction, other than transactions referred to in Section 188 of the Act and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board for obtaining approval.

In case any transaction involving any amount not exceeding INR 1,00,00,000 (Indian Rupees One Crore Only) is entered into by a director or officer of the company without obtaining the approval of the Audit Committee if required and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee.

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



## 2. Approval of the Board:

Every director shall at his first Board meeting disclose his concern or interest in any company, firm, body corporate or association of individuals which shall include his shareholding and thereafter in every first Board meeting and whenever there is any change in the disclosures made, disclose any such change at the first Board meeting thereafter.

Subject to the provisions of Section 188 (1) of the Act, the related party transactions which are required to be approved by the Board of the Company under the provisions of the Act shall be entered into and acted upon, only after such approval is accorded by the Board. The Act has specified the following transactions for which necessary approval will be required:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

Any related party transaction mentioned above which is not in the ordinary course of business and/or not on arm's length basis will require Board's approval.

The following material shall be presented to the Board to the extent relevant, with respect to the Related Party Transactions for their approval:

- (1) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-
  - (a) the name of the related party and nature of relationship;
  - (b) the nature, duration of the contract and particulars of the contract or arrangement;
  - (c) the material terms of the contract or arrangement including the value, if any;
  - (d) any advance paid or received for the contract or arrangement, if any;
  - (e) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
  - (f) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
  - (g) any other information relevant or important for the Board to take a decision on the proposed transaction.



- (2) Where any director is interested in any contract or arrangement with a related party, such director shall not vote on the subject matter of the resolution relating to such contract or arrangement.

### 3. **Approval of the Shareholders:**

Approval of shareholders shall be obtained for a Related Party Transaction in accordance with applicable law in the event a Related Party Transaction exceeds the limits specified under the Companies Act or is otherwise required to be approved by the shareholders under applicable law.

The Board of the Company shall in its report to the shareholders shall disclose the Related Party Transaction including material Related Party Transactions entered by the Company.

### **7.Related Party Transactions Not Previously Approved**

- In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, 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 ratification, revision or termination of the Related Party Transaction.
- The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction under this Policy, and shall take any such action it deems appropriate.
- On the recommendation of the Audit Committee if Board determines not to ratify a Related Party Transaction that has been commenced without approval, the Board may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Board has authority to modify or waive any procedural requirements of this Policy.
- 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 resolution in the general meeting under Section 188(1) of the Act, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders



## **8. Restrictions on Loans to Directors & Senior Officers**

The Restrictions on Loan to Directors & Senior Officers as per “Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023” has been covered under the policy on Grant of Loans and Advances to Directors, Senior Officer and their relatives of the Company.

## **9. Other provisions**

### **Related Party Transactions**

- i. Details of all material transactions with related parties shall be disclosed in the Annual Report.
- ii. The Company shall disclose the policy on dealing with Related Party Transactions on its website
- iii. Every person associated with a Related Party Transaction shall be accountable for complying with this Policy.
- iv. Directors or KMPs or any other employee, who enters into or authorizes any contract or arrangement in violation of this Policy shall be responsible for non-compliance as provided under Section 188(3) of the Companies Act.
- v. In case of breach of this Policy, the Company may initiate appropriate action against the person/s responsible for recovery of losses suffered by the Company.

## **10. Exception**

1. Prior Approval of Audit Committee/Board of Directors/ Members under this Policy shall not be required if the transaction(s) is in the Company’s ordinary course of business and the same is on an arm’s length basis.
2. Transactions entered into between two wholly-owned subsidiaries of Company, whose accounts are consolidated with such holding Company and placed before the shareholders at general meeting for approval;

## **11. Disclosure And Reporting Of Related Party Transactions:**

Pursuant to Section 134(4) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, every Contract or arrangement entered with Related Parties in accordance with Section 188(1) of the Act shall be disclosed in the Board’s Report along with the justification for entering into such contract or arrangements in Form AOC – 2.

- In terms of Section 177(8) of the Act, where the Board has not accepted any recommendation of the Audit Committee, the same shall be disclosed in the Boards’ report with reason thereof.



- Making necessary entries in the Register of Contracts required to be maintained under Section 189 of the Act.

## **12. REVIEW**

This Policy shall be reviewed by the Audit Committee on an annual basis and as and when any changes are required in the Policy. Any changes or modification in the Policy as recommended by the Audit Committee shall be presented to the Board for their approval.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.