

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

AND

ON DEALING WITH RELATED PARTY TRANSACTIONS

1. Introduction

The Board of Directors (the "Board") of PMC Fincorp Limited (the "Company") in their meeting held on December 29, 2015 has adopted this policy for identification and proper conduct and documentation of all related party transactions and with regard to materiality of Related Party Transactions and dealing with related party transactions, in line with the requirements of Section 188 of the Companies Act, 2013 read with Rules made there under (hereinafter referred to as 'the Act') and Revised Clause 49 of the Listing Agreement on Corporate Governance and subsequent amendments thereto (hereinafter referred to as 'RC 49').

The Audit Committee would review and amend the policy, as and when required, subject to the approval of the Board.

2. Scope & Inclusion

This policy sets definition of materiality of related party transactions and dealing with related party transactions.

3. Terms and References

3.1 Materiality of related party transactions

Contracts/ arrangements with a related party shall be considered as material related party contracts/ arrangements if the transactions during a financial year under such contracts/ arrangements exceed the threshold prescribed by RC 49.

4. Policy

4.1 All related party contract/ arrangements shall comply with the provisions of Companies Act, 2013.

4.2 All related party contract/ arrangements shall comply with the Listing Agreement entered into by the Company with BSE Limited.

4.3 All related party contract/ arrangements shall comply with Accounting Standards issued by the Institute of Chartered Accountants of India.

4.4 All related party contracts/ arrangements shall be entered on arms' length basis.

4.5 All existing related party contracts/ arrangements entered into by the Company which already came into effect before April 1, 2014, will not require fresh approval under Section 188 of the Act till the modification/ expiry of original term of such contract.

4.6 In exceptional circumstances, where permitted by law, related party contracts/ arrangements may deviate from the principle of arm's length, after approval from Audit Committee.

4.7 All international related party contract/ arrangements shall comply with International Transfer Pricing Requirement under Section 92B of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.

4.8 Approval of Audit Committee shall be taken for related party contracts/arrangements as required under the Companies Act and Listing Agreement.

4.9 The Audit Committee of the Company may give omnibus approval for the related party contracts to be entered into by the Company at arm's length basis in normal course of business during the financial year.

5. Disclosure of Related Party Transactions

5.1 The particulars of Related Party Transactions shall be disclosed in such manner as may be prescribed under Clause 49 of the Listing Agreement, the Act and Rules, from time to time.

5.2. The company shall report to the Stock Exchange(s) where the securities of the Company are listed along with the compliance report on corporate governance on a quarterly basis detail of all ascertainable/ trackable Material Transactions with related parties.

5.3 Director's report shall contain details of Related Party Transactions as required under the provisions of the Act.

5.4 The Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the company at www.pmcfinance.in.

6. Amendment

This Policy can be amended, modified or revised from time to time and if there is no bar under the Listing Agreement or the Act, then the same can be abrogated by the Board of Directors of the Company.

For PMC FINCORP LIMITED



Director