
Related Party Transactions Policy

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1. Definition of a related party

Under this Policy, the related party shall mean all persons/entities mentioned in Sec 2(76) of Companies Act, 2013 read with Rule 3 of Companies (Specification of Definition Details) Rules, 2014 and, include the following:

- a director or his relative;
- a key managerial personnel or his relative;
- a firm, in which a director, manager or his relative is a partner;
- a private company in which a director or manager or his relative is a member or director;
- a public company in which a director or manager is a director and/or holds along with his relatives, more than two per cent. of its paid-up share capital;
- 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;
- any person on whose advice, directions or instructions a director or manager is accustomed to act (excludes directions or instructions given in a professional capacity);
- any company which is (A) a holding, subsidiary or an associate company (>20% or control of business decisions under an agreement) of such company; or (B) a subsidiary of a holding company to which it is also a subsidiary;
- a director or key managerial personnel of the holding company or his relative with reference to a company.

Under this policy, the relative should have the same meaning as defined under Sec 2(77) of Companies Act, 2013 read with Rule 4 of Companies (Specification of Definition Details) Rules, 2014. Hence, the following should be considered relatives of an individual:

- Members of Hindu undivided family
- Husband or wife
- Father (including step-father)
- Mother (including step-mother)
- Daughter
- Daughter's husband
- Son (including step-son)
- Son's wife
- Brother (including step-brother)
- Sister (including step-sister)

2. Definition of related party transaction (RPT)

Under this Policy, the RPT should be considered as per Sec 188 of Companies act 2013 including but not limited to the following:

- Sale, purchase or supply of any goods or materials
- Selling or otherwise disposing of, or buying, property of any kind
- Leasing of property of any kind
- Availing or rendering of any services
- Appointment of any agent for purchase or sale of goods, materials, services or property
- Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company, and
- Underwriting the subscription of any securities or derivatives thereof, of the company.

3. Powers and approval process to undertake RPTs

No transaction should be entered into with any related party, beyond the Single Borrower Limits prescribed by the NHB under The Housing Finance Companies (NHB) Directions, 2010.

Any RPT would go through the approval process as laid down by Sec 188 of Companies act, as briefly summarized below but not limited to the summary.

- Transactions that are entered into in the ordinary course of business, and on arms' length basis would be approved by the Audit Committee of the Board.
- Transactions, which are either not in the ordinary course of business or not on arm's length basis, would need the approval at the Meeting of the Board in addition to approval by Audit Committee.
- The following transactions would require an ordinary resolution by the general body of the Company, with those related parties who are parties to the contract or arrangement abstaining from voting:
 - i. Sale, purchase or supply of any goods or materials (directly or through agent) amounting to 10% or more of the annual turnover or Rs. 100 crores, whichever is lower.
 - ii. Selling or otherwise disposing of, or buying, property of any kind (directly or through agent) amounting to 10% or more of net worth or Rs. 100 crores, whichever is lower.
 - iii. Leasing of property of any kind amounting to 10% or more of net worth or 10% or more of turnover or Rs. 100 crores, whichever is lower.

- iv. Availing or rendering of any services (directly or through agent) amounting to 10% or more of the turnover or Rs. 50 crores, whichever is lower.
- v. Appointment to any office or place of profit in the Company, its subsidiary company or associate company with remuneration exceeding Rs.250,000 per month
- vi. Underwriting the subscription of any securities of the company or derivatives thereof with remuneration exceeding 1% of net worth

The limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The Turnover or Net Worth shall be on the basis of the Audited Financial Statement of the preceding financial year.

The requirement of passing an ordinary resolution at the general meeting of the Company would not be applicable in the case of transactions entered into between a holding company and its wholly owned subsidiary, provided the accounts of the subsidiary are consolidated by the holding company and are placed before the shareholders of the holding company for their approval.

In case of a wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

4. Disclosures related to RPT

- This Policy should be placed at the Company's website and should also form part of the annual report.
- The details of RPTs should be published in the annual report as may be required under any applicable law. Along with justifications for entering into the contract / arrangement
- Details of RPTs should be filed with Registrar of Companies, as might be required, in the prescribed formats.

- **Disclosures to be made in notice of Board Meeting**

The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose:

- name of the related party and nature of relationship;
- nature, duration of the contract and particulars of the contract or arrangement;
- material terms of the contract or arrangement including the value, if any;
- any advance paid or received for the contract or arrangement, if any; and
- the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;

- 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
 - any other information relevant or important for the Board to take a decision on the proposed transaction.
- **Disclosures to be made in the explanatory statement to be annexed to notice of general meeting:**
- name of the related party;
 - name of the director or key managerial personnel who is related, if any;
 - nature of relationship;
 - nature, material terms, monetary value and particulars of the contract or arrangement;
 - any other information relevant or important for the members to take a decision on the proposed resolution.

5. Exceptions

This Policy does not cover the:

- Loans/ security or guarantees to directors or any other person in whom a director is interested as such transactions are strictly prohibited.
- Security or guarantee issued in respect of loans availed by subsidiary from banks or financial institutions.

6. Review

The Policy should be subjected to an annual review by the management and modifications, if any warranted, should be taken up for the approval of the Board. If there are any amendments in the regulations, revision in the policy should be staged for Board's approval in the immediately ensuing Board Meeting, after the amendments are notified by the regulator.