



Related Party Transaction Policy

INTRODUCTION

The Board of Directors (“**the Board**”) of IndoStar Home Finance Private Limited (“**the Company**” or “**IHFPL**”), has adopted the following Related Party Transaction Policy (“**Policy**”) in order to determine materiality of related party transactions and prescribe manner of dealing with related party transactions.

The Policy aims to ensure proper approval and reporting of transactions between the Company and its related parties. The Company recognizes that related party transactions may have potential or actual conflicts of interest and may raise questions whether such transactions are consistent with the Company’s and its shareholders interest and in compliance with the laws applicable to the Company. Such transactions shall be considered appropriate only if they are in the best interest of the Company and its shareholders.

DEFINITIONS

“**Arm’s Length Transaction**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest, and the term ‘arm’s length’ shall be construed accordingly;

“**Audit Committee**” or “**Committee**” means the Audit Committee of Board of Directors of the Company constituted in accordance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;

“**Board**” means Board of Directors of the Company;

“**Company Secretary**” means a person who is appointed by the Company to perform the functions of the Company Secretary under provisions of the Companies Act, 2013;

“**Key Managerial Personnel**” means -

- (a) the Chief Executive Officer or the Managing Director or the Manager;
- (b) the Company Secretary;
- (c) the Whole - Time Director(s);
- (d) the Chief Financial Officer; and
- (e) such other officer as may be prescribed

“**Material Related Party Transaction**” means a transaction with a Related Party in relation to –

- i. sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to 10% or more of the turnover of the Company or INR 100 crores, whichever is lower; or
- ii. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, amounting to 10% or more of net worth of the Company or INR 100 crores, whichever is lower; or
- iii. leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10% of the turnover of the Company or INR 100 crore, whichever is lower; or
- iv. availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company or INR 50 crore, whichever is lower, or

- v. appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding INR 2.5 lakhs; or
- vi. underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the net worth.

Explanation: The limits for point(s) (i) to (iv) above shall apply for transaction or transaction(s) to be entered into either individually or taken together with previous transaction(s) during a financial year.

“**Policy**” means Related Party Transaction Policy

APPROVAL OF RELATED PARTY TRANSACTION

Approval of the Audit Committee

Every related party transaction shall be approved by the Audit Committee as required in terms of the provisions of the Companies Act, 2013. To review a related party transaction which requires approval of the Audit Committee, the Audit Committee will be provided with all relevant material information to assist it in deciding whether or not to approve the transaction.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature subject to the following conditions:

- The Audit Committee shall satisfy itself on the need for omnibus approval and whether such approval is in the interest of the Company;
- The omnibus approval shall contain the name of the related party(ies), nature and duration of the transaction, maximum amount of transaction that can be entered into, the indicative base price or current contracted price and the formula for variation in the price, if any, and 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, the Audit Committee may make omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.

- Omnibus approval shall be valid for a period not exceeding 1 (One) financial year and shall require fresh approval 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;
- The Audit Committee shall, on annual basis, review the details of the related party transactions entered into by the Company pursuant to each of the omnibus approval.

Approval of the Board of Directors of the Company

The Board of Directors of the Company shall approve all Material Related Party Transactions, other related party transaction as may required to be approved by it in terms of laws applicable to the Company and related party transactions referred to it by the Audit Committee for its approval.

Interested Director / Audit Committee Members not to participate

Where any Director / member of the Audit Committee, whether directly or indirectly, is concerned or interested in a related party transaction in terms of the provisions of Section 184 of the Companies Act, 2013, such Director / member of the Audit Committee, shall disclose the nature of his concern or interest and shall not be present at the meeting during discussions on such transactions.

Approval of the Shareholders of the Company

Upon approval by the Audit Committee and Board, as may be required, if the transaction is a Material Related Party Transaction which is not in the ordinary course of business and / or is not at 'arm's length', it shall require prior approval of the Members, except for the Material Related Party Transactions entered into between a holding company and its wholly owned subsidiary(ies) whose accounts are consolidated and placed before the shareholders of the holding company at its general meeting for approval. No member of the Company shall vote on such resolution, to approve any transaction which may be entered into by the Company, if such member is a Related Party in the context of the Material Related Party Transaction for which the said resolution is being passed.

DISCLOSURE OF RELATED PARTY TRANSACTIONS IN BOARD'S REPORT

Every contract or arrangement entered into under Section 188(1) of the Companies Act, 2013, shall be referred to in the Board's report to the shareholders of the Company along with justification for entering into such contract or arrangement.

IDENTIFICATION OF RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel is responsible to declare any person or entity that would be regarded as Related Party for the Company in accordance with this Policy on account of his being Director or Key Managerial Personnel of the Company.

Company Secretary shall identify other persons or entities that would be regarded as Related Parties on account of their relationship as mentioned in the definition of related parties based on the information available with him or after making enquiries as may be necessary. Director, Key Managerial Personnel and other persons or entities identified by the Company Secretary, shall submit updated disclosures as and when there is a change in already submitted disclosures.

Company Secretary shall prepare a comprehensive list of related parties based on the information received from Director, Key Managerial Personnel and other persons or entities identified by him. Such list circulated to all the persons having authorities to carry out any transactions so that the Policy can be adhered to.

Audit Committee may determine the procedure to be followed for declaration as well as compilation and circulation of comprehensive list of related parties.

Every officer of the Company entrusted with the authority to enter into any transaction shall be responsible for providing notice to the Board or Audit Committee, through the Secretarial Department of the Company of any potential related party transaction involving the Company and the related party listed in the comprehensive list prepared and circulated by the Company Secretary of the Company. The Board / 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.

The Company will try and ensure that notice of any potential related party transaction is given well in advance, so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed Transaction.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee / Board. The Committee / Board 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 Committee / Board shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee / Board determines not to ratify a related party transaction that has been commenced without approval, the Committee / Board, as appropriate, 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 Committee / Board has authority to modify or waive any procedural requirements of this Policy.

REVIEW OF POLICY

This Policy shall be reviewed as and when considered necessary by the Board.