



## **Altum Credo Home Finance Private Limited**

### **Policy on Related Party Transaction**



## 1. OBJECTIVE:

“Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016” (‘NHB Directions’) require a housing finance company to formulate a Policy on Related Party Transactions and also on dealing with such Related Party Transactions

Accordingly, this Policy has been framed to ensure the following:

- Transactions are approved as per Policy
- Appropriate disclosure of all transactions are made

## 2. APPLICABILITY:

The policy applies to all the transactions which fall within the ambit of policy of Related Party Transactions defined hereunder as “Related Party Transaction”.

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.

## 3. DEFINITIONS:

3.1 “**Applicable Laws**” includes (a) the Companies Act, 2013 („the Act“) and rules made thereunder; (b) Accounting Standards (c) National Housing Bank (NHB) Act, NHB Housing Finance Companies Directions and Notifications issued by NHB from time to time and (d) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

3.2 “**Arm’s length Transactions**” means a transaction between two Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.

3.3 “**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013

3.4 “**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes

- i. Managing Director, or Chief Executive Officer or manager and in their absence, a wholetime director;
- ii. Company Secretary; and
- iii. Chief Financial Officer

3.5 “**Omnibus approval**” In case of certain frequent/ repetitive/ regular transactions with Related Parties which are in the ordinary course of business of the Company and on Arm’s length basis, the Audit Committee may grant an omnibus approval for such Related Party Transactions.

3.6 “**Ordinary course of business**” includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. The ordinary course of business covers the usual transactions, customs and practices related to the business.



3.7 “**Related Party**” means any person who is

- i. a related party under Section 2(76) of the Companies Act, 2013 read with rules issued thereunder;
- ii. a related party under the applicable accounting standards; or
- iii. any other person or entity covered under Applicable Laws.

3.8 “**Related party transaction**” A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

3.9 “**Relative**” means relative as defined under the Companies Act, 2013, as amended from time to time.

#### **4. PROCEDURES:**

The Audit Committee of the Board of Directors of the Company will review the relevant facts and circumstances of each Related Party Transaction.

Accordingly, in the month of March of every Financial Year, management shall present to the Committee the following information with respect to all Related Party Transactions expected to be entered into during that financial year. The Audit Committee shall be provided with the following information and details pertaining to each proposed related party transactions/ contracts –

- i. The name of the related party and nature of relationship;
- ii. The nature, duration of the transaction / contract or arrangement and particulars of the transaction/ contract or arrangement;
- iii. The material terms of the transaction/contract or arrangement including the value and / or the maximum amount for which the same is proposed to be entered into;
- iv. Any advance paid or received for the transaction / contract or arrangement, if any;
- v. The manner of determining the pricing and other commercial terms, both included as part of transaction / contract and not considered as part of the same;
- vi. No director shall participate in approval of a Related Party Transaction for which he or she is a Related Party.

**4.1** The Audit Committee may grant omnibus approval for Related Party Transactions, which are repetitive in nature and are proposed to be entered into by the Company. Omnibus approval shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

#### **4.2 Approval of Board of Directors and Shareholders**

The Audit Committee shall report all ‘Material Related Party Transactions’ to the Board of Directors.

The Company will also seek shareholder’s approval for those Related Party Transactions exceeding threshold limits specified under Section 188 and Rules made thereunder of the Companies Act, 2013 in the subsequent general meeting of the year in which the Related Party Transaction is undertaken.

The resolution will be an Ordinary resolution.

All related party transactions will be placed before the Audit Committee of the Company. Audit committee will decide whether the transaction is at arm’s length or at ordinary course of business.



---

In case of transactions, which are not at ordinary course of business or not at arm's length, the transaction will be placed before the Board for their approval.

#### **4.3. Reporting:**

Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose by giving notice in form MBP- 1 his concern or interest whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—

(a) With a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or

(b) With a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

Each Director and Key Managerial Personnel shall be required to disclose to the Audit Committee any potential Related Party Transaction(s) proposed to be entered into by them or their relatives. The particulars of all the Related Party Transaction entered into with the approval of the Audit Committee / Board of Directors / Shareholders shall be entered into the Register of Contracts or Arrangements in which Directors are interested, maintained by the Company as per the provisions of the Companies Act, 2013 and rules framed thereunder.

#### **5. DISCLOSURES OF THE POLICY:**

1. Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along-with the jurisdiction for entering into such contracts/ arrangements with the Related Parties as part of the Directors' Report.
2. This Policy will also be uploaded on the Company Website and web link thereto shall be provided in the Annual Report of the Company every year.