

*Adani Housing Finance Pvt Limited (AHFPL)*

RELATED PARTY TRANSACTIONS POLICY

## INTRODUCTION

The Board of Directors ("**the Board**") of Adani Housing Finance Pvt. Limited ("**the Company**" or "**AHFPL**"), has adopted the following Related Party Transaction Policy ("**Policy**") with regards to any contract or arrangement with a Related Party under the applicable provisions of the Companies Act, 2013 read with rules framed thereunder (the "**Act**").

## PURPOSE

This Policy is framed as per the requirement of Section 188 and other applicable provisions of the Act and the rules framed thereunder and "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016" issued by the National Housing Bank (NHB) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09th February 2017 and intend to ensure the proper approval and reporting of Transactions between the Company and its Related Parties. Such Transactions are appropriate only if they are in the best interest of the Company and its Members.

## DEFINITIONS

**"Turnover"**; as mentioned in the Companies Act, 2013

**"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;

**"Associate"** means an enterprise in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company and the term "Associate Company" shall be interpreted accordingly. For the purpose of this definition, "Significant Influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement.

**"Audit Committee"** or **"Committee"** means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013;

**"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;

(e) such other officer as may be prescribed under Section 2(51) of the Companies Act, 2013.

**“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 Rs. 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 Rs. 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 Rs. 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 Rs. 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 Rs. 2.5 lakhs; or
- vi. underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the Net Worth.

**“Net worth”** means net worth of the Company computed in accordance with Section 2(57) of the Companies Act, 2013 based on the Audited Financial Statements of the preceding Financial Year;

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

**“Related Party”** means - person prescribed under Section 2(76) of the Companies Act, 2013;

**“Specified Related Party Transaction”** means transaction with a Related Party if the transaction(s) to be entered into, other than transactions entered into by the Company in its ordinary course of business and the same are on an arm’s length basis, is in relation to—

- (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.

**“Related Party Transaction”** means any transactions directly or indirectly with Related Parties and it also includes Transactions as specified under clause (a) to (g) of sub-section (1) of Section 188 of the Companies Act, 2013;

**“Relative”** means relative as defined under Section 2(77) of the Companies Act, 2013 and includes anyone who is related to another in any of the following manner –

- (a) they are members of a Hindu Undivided Family ;
- (b) they are husband and wife ;
- (c) father (including step-father)
- (d) mother (including step-mother)
- (e) son (including step-son)
- (f) son's wife
- (g) daughter
- (h) daughter's husband
- (i) brother ( including step-brother); or
- (j) sister (including step-sister)

**“Transaction”** with a Related Party shall be construed to include any contract or arrangement or transaction, whether single or as a group of transaction and for the purpose of applying thresholds laid down in this Policy it shall include previous transaction(s) during the financial year with the said Related Party.

#### APPROVAL OF TRANSACTION

##### **Approval of the Audit Committee**

All Related Party Transactions must be reported to the Audit Committee/ Board and referred for prior approval by the Committee. Where any Director is considered interested in any transaction with Related Party, such Director shall not be present at the meeting during discussions and voting on the subject matter of the resolution relating to such transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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. In determining whether to approve a Related Party Transaction, the Committee will consider the factors provided in the Companies Act, 2013.

The Audit Committee may make 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 that 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, 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 review the related party transactions entered into by the Company, from time to time, pursuant to each of the omnibus approval;

#### Approval of the Board of Directors of the Company

In case any related party transactions are referred by the Committee to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction

#### Approval of the Shareholders of the Company

If a related party transaction is (i) a material transaction or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval. In such a case, any member of the Company who is a related party, shall not vote on resolution passed for approving such related party transaction.

#### IDENTIFICATION OF RELATED PARTIES

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/her being Director or Key Managerial Personnel of the Company. Such declaration shall include disclosure of his/her (and his/her relative's) concern or interest in any company or companies or bodies corporate, firms or such other association of individuals which shall include the shareholding, directorship, membership, partnership, etc.

### IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

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 Company Secretary Department of the Company of any potential Related Party Transaction involving the Company. The Board / Audit Committee, through the Company Secretary 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 with a Related Party 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.

### EXCEPTIONS

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.

### LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act any other statutory enactments, rules, ss provisions of such Act or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in Act and/or applicable laws in this regard shall automatically apply to this Policy.