

RELATED PARTY TRANSACTION POLICY

1. INTRODUCTION

India Shelter Housing Finance Limited (“**India Shelter**”) conducts itself with highest standard of integrity and has always endeavored to follow both letter and spirit of the law. Related party transactions can present a potential or actual conflict of interest which may be against the best interest of India Shelter and its shareholders. India Shelter does not promote any transaction which may be at variance with the established principles of Corporate Governance or which do not meet the highest standard of ethics or integrity.

In terms of the provisions of Section 188 of the Companies Act, 2013, the Company is required to follow the procedure as prescribed for conducting the Related Party Transactions. Also, National Housing Bank (NHB) has vide Notification on Corporate Governance dated 09-02-2017 prescribed that Housing Finance Companies (HFCs) should evolve a Related Party Transaction Policy (Policy) and share the same in public domain.

2. APPLICABILITY

India Shelter shall enter into any contract or arrangement with a related party only post consent of the Board of Directors given by a resolution at a meeting of the Board with respect 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

However, a transaction entered into by India Shelter in its ordinary course of business other than transactions which are not on an arm's length basis shall not be covered under the ambit of the Policy

3. OBJECTIVES

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between India Shelter and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of India Shelter and its shareholders and to comply with the statutory provisions in this regard.

4. DEFINITIONS

In this Policy, unless the context otherwise requires, following are the definitions:

- 4.1 **"Act"** means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- 4.2 **"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
- 4.3 **"Board"** means the Board of Directors of the Company.
- 4.4 **"Committee"** means Audit Committee of the Company as constituted or reconstituted by the Board.
- 4.5 **"Company"** means India Shelter Finance Corporation Limited.
- 4.6 **"Directors"** means Directors appointed by the Board including executive, non-executive and independent directors.
- 4.7 **"Ordinary course of business"** means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum & Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

- 4.8 **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 4.9 **“KMP” or “KMPs”** means the following key managerial personnel:
- Chief Executive Officer and / or Managing Director or Manager of the Company;
 - Chief Financial Officer of the Company;
 - Company Secretary of the Company;
 - Whole Time Director of the Company; and
 - Such other officer of the Company as may be decided by the Nomination and Remuneration Committee.
- 4.10 **“Member”** means a Director of the Company appointed as member of the Committee.
- 4.11 **“Material Related Party Transaction”** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company “
- 4.12 **“NHB Guidelines”** means and includes NHB Act, 1987, NHB Directions, 2010, NHB Notifications, Circulars and others such communications thereto
- 4.13 **“Relative”** with reference to a Director or KMP means persons as defined under the Companies Act, 2013 and rules prescribed thereunder
- 4.14 **“Related Party”** have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- 4.15 **“Related Party Transaction”** have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 as means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, 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, property;

- f. appointment to any office or place of profit in the company
- g. underwriting the subscription of any securities or derivatives thereof, of the company

4.16 **“Senior Management Personnel / Senior Management”** means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional and departmental heads.

5. INTERPRETATION

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or NHB Act, 1987, NHB Directions, Notifications, Circulars or guidelines as may be amended from time to time shall have the meaning respectively assigned to them therein.

6. DEALING WITH RELATED PARTY TRANSACTION

- 6.1 Each Director and Key Managerial Personnel is responsible for providing advance notice to the Board or Audit Committee of any potential Related Party Transaction involving himself/herself or their relatives, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest; and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- 6.2 The Notice of any potential Related Party transaction shall be intimated to the Board/ Committee, well in advance so that the Board/ Committee have adequate time to review the transaction.
- 6.3 All related party transaction shall require prior approval of the Audit Committee / Board, however, in cases where transaction has been done wither inadvertently or due to requirement of urgency the Audit Committee / Board may ratify the decision. However, this ratification should be done within 3 months of the contract having taken place otherwise the transaction shall be voidable at the option of Board / Committee.
- 6.4 While considering any transaction, the Committee / Board shall take into account all relevant facts and circumstances 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. No

member of the Committee / Board shall be present during the period the transaction related to the transaction

- 6.5 Audit Committee shall review , at least on a quarterly basis, the details of Related Party Transaction entered in to by India Shelter pursuant to each of the approval given. Approval given by the Audit Committee shall be valid for till revoked.
- 6.6 Related Party Transaction with are either not in the 'Ordinary Course of Business' or are not at 'arm's length price' and exceeds the threshold under section 188 of the companies Act, 2013 shall also require prior approval of the shareholders through special resolution.
- 6.7 No members of the Company shall vote in a special resolution where related party contract or arrangement is being considered if such a member is a Related Party in Contract or Arrangement which is being considered.

7. POLICY REVIEW AND AMENDMENT

- 7.1 The provisions of this policy shall be subject to the provisions of the Act & NHB guidelines and rules and regulations made thereunder.
- 7.2 The policy shall be reviewed by the Board from time to time as may be necessary and may be amended or modified either whole or in part as and when necessary.
- 7.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

8. DISCLOSURE

The details of this policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of the Board's Report therein and shall also be displayed on the website of the Company.