



SAHARA HOUSINGFINA CORPORATION LIMITED

Related Party Transactions Policy

1. Brief Background

Security Exchange Board of India (SEBI) vide its circular No.CIR/CFD/POLICY CELL/2/2014 dated 17 April 2014, read with circular No.CIR/CFD/POLICY CELL/7/2014 dated 15 September 2014 has amended clause 35B and 49 of the listing agreement and SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. In terms of the said circular and as per Reg.23 of SEBI (LODR) Regulation, 2015, it is mandatory for the listed entities to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

Sahara Housingfina Corporation Limited is a public limited company under the Companies Act, 1956 (CIN L18100WB1991PLC099782). The equity shares of the Company are listed on BSE Limited and as such the provisions of the listing agreements entered into by the Company with the said stock exchange (hereinafter referred to as the 'Listing Agreements') for equity shares, are applicable and binding on it. In addition to the above SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and amendments thereto is also applicable to the Company.

The company has gone through the SEBI amended guidelines and simultaneously reviewed the existing policy in place and amended the policy with suitable improvement and thereafter got it approved by its Board of Directors in their meeting held on June 30, 2021.

2. Objective of the Policy

The policy is framed as per requirements of Regulation 23 of SEBI (LODR) Regulations, 2015 and intended to ensure proper approval and transparent reporting of transactions between the Company and its Related Parties. Such transactions shall be appropriate only, if they are in the best interest of the Company and its shareholders.

3. Scope of the Policy

3.1. During the course of its business, the Company enters into transactions with various entities. Some of the transactions were deemed to be 'Related Party Transactions' as notified by the Indian Accounting Standard on Related Party Disclosures (Ind AS 24), as notified by the Companies (Indian Accounting Standards) Rules, 2015. Such transactions were duly disclosed in the Annual Reports of the Company. The policy shall be applicable to the transactions made with:

- a) Board of Directors and their relatives;
- b) Key management Personnel (KMP) of the Company and their relatives; and
- c) Related parties, as defined under section 2 (76) of the Companies Act 2013 and as amended from time to time and the Regulation 2(1)(zb) of SEBI(LODR) Regulations, 2015.

3.2. The parties are considered to be related, if, one party has ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions.

4. Transactions are considered as related party transactions:

4.1. Following types of the transactions are considered as related party as per section 188 of Companies Act 2013:

- 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;



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- 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.

4.2. Types of the transactions considered as related party as per Reg.2 (l)(zc) of SEBI(LODR) Regulations, 2015 and IND AS-24, of the Companies (Indian Accounting Standards Rules, 2015).

Transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged, whether single transaction or group of transactions in a contract.

4.3. In addition to the above, following transactions between the related parties shall also be considered as related party transactions;

- a) Borrowings
- b) Deposit
- c) Placement of deposits
- d) Advances
- e) Investments
- f) Non-funded commitments
- g) Leasing/HP arrangements availed
- h) Leasing/HP arrangements provided
- i) Purchase of fixed assets
- j) Sale of fixed assets
- k) Interest paid
- l) Interest received

5. Identification of potential related party transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or the Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request desire. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The notice of any such potential Related Party Transaction should be given to the Board/Audit Committee well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

6. Process for ascertaining related party

The Company shall prepare a list of related party on the basis of information collected from the related parties as on March 31, every year and as and when any person or entity becomes related party, in terms of this policy and declarations received. The related party list shall be updated whenever necessary and shall be reviewed at periodical intervals.

The internal Auditors/Statutory Auditor are required to verify the process of ascertaining the related parties and their correct recording/listing in register of Contracts/ arrangement etc. as well as their classification regarding whether they are on arm's length basis.

The list of the related parties shall be circulated and any transactions with the related parties shall be carried out as per the Related Party Transaction Policy.

7. Approval of Related Party Transaction:

7.1. Approval of Related party transactions by Audit Committee of the Board:



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All related Party Transactions proposed to be entered into by the Company shall require prior approval of Audit Committee except those transactions exempted by the committee through omnibus specific approval. All “Material” related party transactions shall require approval of the shareholders through special resolution and no related party shall vote to approve such resolutions. However, this shall not be applicable in the following cases. Transactions entered into between two government companies;

- i. Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

7.2. Approval of the Board of Directors: All the contracts/ arrangements prescribed under Section 188(1) of the Companies Act, 2013 and within the threshold limits, which are not in the ordinary course of business of the Company or on an arm's length basis shall along with the approval of the Audit Committee also require approval of the Board of Directors of the Company

7.3. Approval of Shareholder: All the Material Related Party Transactions (as per Reg.23 of SEBI (LODR) Regulations, 2015) and Related Party Transactions exceeding the threshold limits, whether or not in the ordinary course of business of the Company or on an arm's length basis, shall require prior approval of the Audit Committee, the Board and the shareholders of the Company by way of Special Resolution and no related party shall vote to approve such resolution. The shareholders' approval shall not be required in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

In the following cases the prior approval of the Company by a resolution is required whenever a company is entering into a transaction, and such transaction is contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 of the Companies Act, 2013:

- 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.5 Cr, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- 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.5 Cr, whichever is lower, as mentioned in clause (b) and clause (e) respectively of subsection (1) of section 188;
- iii. Leasing of property of any kind amounting to 10% or more of the net worth of the company or 10% or more of turnover of the company or Rs.5 Cr, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
- 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.5 Cr, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188.

7.4. Omnibus approval by the Audit Committee

I. In case of certain frequent/ repetitive/ regular transactions with Related Parties which are in the ordinary course of business of the Company (including transactions for support services/sharing of services with Subsidiary/Associate Companies), the Audit Committee may consider grant of an omnibus approval for such Related Party Transactions proposed to be entered into by the Company, subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting such omnibus approval in line with

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this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

- b. The Audit Committee shall satisfy itself that the need for such omnibus approval and that such approval is in the business interest of the Company.
 - c. Such omnibus approval shall specify (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price or current contracted price and the formula for variation in the price, if any and (iii) such other conditions as the Audit Committee may deem fit;
- II. Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 Cr. (Rupees One Crore only) per transaction.
 - III. The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
 - IV. Such omnibus approval shall be valid for a period not exceeding 1 (one) year and shall require fresh approval after the expiry of 1 (one) year from the date of the original approval granted by the Audit Committee, from time to time.
 - V. In terms of Schedule II Part C Para B point 2 of SEBI (LODR) Regulations, 2015, the Audit Committee shall review the statement containing significant Related Party Transactions. The threshold limit for determining significant Related Party Transactions will be the same as applicable for Material Related Party Transactions under Explanation to Reg.23(1) of SEBI(LODR) Regulations, 2015, as amended from time to time.

8. Procedure of seeking approval of Related Party Transaction

As and when any transaction is contemplated with any Related Party, the concerned office entertaining the request shall submit the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate. The Concerned Department shall appropriately take it up for necessary prior approvals from the Audit Committee at its subsequent scheduled meeting and convey back the decision to the originator.

If the proposed transaction is not in ordinary course of business but at arm's length basis, then a detailed note with justification shall be prepared, for entering into such transaction along with details of proposed transaction with draft agreement/ MoU/ other supporting documents. Based on the note, the matter shall escalate for necessary approvals of the Audit Committee/ Board/ Share Holders as may be applicable.

The Concerned Department, shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential related Party Transaction.

- a. A General Description of the transactions
- b. The name of the related party and the basis on which such party is a related party.
- c. The related party interest in the transaction(s)
- d. The approximate rupee value
- e. In case of lease or other transaction providing for periodic payments or installments, the aggregate amount of all period payments of installments expected to be made.
- f. In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.
- g. Any other material information regarding the transaction(s) or the related party's interest in the transactions



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9. Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and shall not vote to approve the relevant 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.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- a. Any transaction that involves providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

10. Related Party Transactions without the prior approval under this Policy

In the event, a transaction is construed as Related Party Transaction, the knowledge/awareness of which is discerned at a later stage and one that has not been approved under this Policy prior to its consummation and/or in case of any approved, notified and subsisting Related Party Transaction, the quantum and/or conditions of which may undergo change/modification (at a later date) in the interest of the Company, the matter (as the case may be) shall be reviewed by the Audit Committee in their immediate subsequent meeting. The Audit Committee shall consider all the relevant facts and circumstances regarding the Related Party Transactions and shall evaluate all options available to the Company, including ratification, approval, revision or disapprove of the said Related Party Transaction. In case of the former, the Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, 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 Audit Committee has the final authority to modify or waive any procedural requirements of this Policy.

11. Disclosures

- 11.1. The Company shall keep a register in the prescribed form (Annexure 3) giving the full particulars of contracts or arrangements in respect of all RPTs approved by the Audit Committee and the gist of such contracts/RPTs shall be placed before the Board periodically.
- 11.2. Necessary disclosures shall be made in the Annual Financial Statements as required under Ind AS-24 (Annexure 2). Further, as required under Para A of Schedule V of SEBI (LODR) Regulations, 2015 necessary details of all materially significant related party transactions which



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may have potential conflict with the interests of the Company at large, shall also be also given in Report on Corporate Governance section in Annual Report.

As per Point 2A of Para A of Schedule V of SEBI (LODR) regulations, 2015 disclosures of transactions of the Company with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results.

- 11.3. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on Corporate Governance.
- 11.4. The Company shall disclose the policy on dealing with related party transactions on its website and a web link thereto shall be provided in the Annual Report.
- 11.5. The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

12. Records relating to Related Party/Supporting documents

All disclosures, supporting documents shall be preserved for a period of eight years from the end of the financial year to which it relates and shall be kept in the custody of the Accounts Department. and any other person authorized by the Board for the purpose.

Agreement or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate shall also be preserved for a period of 8 years from the end of the financial year to which it relates and shall be kept in the custody of the Board and/or any other person authorized by the Board for the Purpose.

13. Interpretation

In any circumstances where the terms of these policies and procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedure until such time as these policies and procedures are changed to confirm to the law, rule, regulation or standard.

14. Review of Related Party Transaction Policy

The Related Party Transaction Policy is a part of Corporate Governance Policy. Therefore, the same has to be reviewed at periodical intervals by the Board as per the Transactions.

Sd/-
(Brijendra Sahay)
Director

Date: 30-06-2021
Place: Noida

The provision of this Policy shall supersede / rescind the provisions of all the earlier following circulars relating to Related Party Transaction Policy.

- a) *Policy on Related Party Transaction of SHCL approved by the Board on November 13, 2014.*
- b) *Policy on Related Party Transaction of SHCL amended by the Board on July 28, 2020.*



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Annexure 1 – Definitions

a. **Arm's Length Transaction**

Explanation Section 188(1)(b) of the Companies Act, 2013 defines an "arm's length transaction" to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

b. **Associate Company**

A. Companies Act, 2013:

In terms of Section 2(6) of the Companies Act, 2013 "Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

"significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

B. Listing Agreement SEBI(LODR) Regulations, 2015:

As per Reg.2(1)(b) of SEBI(LODR) Regulations, 2015 "associate" shall mean any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

c. **Audit Committee**

The term "Audit Committee" means the committee of Board of Directors the Company constituted in accordance with the provisions of Reg. 18 of SEBI(LODR) Regulations, 2015, Companies Act, 2013 and Rules made there under.

d. **Material Related Party Transaction**

In terms of Explanation to Reg.23(1) of SEBI(LODR) Regulations,2015, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

In terms Reg.23 (1A) of SEBI (LODR) Regulations, 2015 notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

e. **Related Party**

A. Companies Act, 2013:

The term Related Party has been defined under Section 2(76) of the Companies Act, 2013 as follows-

Related Party with reference to a company means -

- (i) a Director or his relative;
- (ii) a Key Managerial Personnel or his relative;
- (iii) a firm, in which a Director, Manager or his relative is a partner;
- (iv) a private company in which a Director or Manager is a member or director;
- (v) a public company in which a Director or Manager is a Director and holds along with his relatives,

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more than 2% of its paid-up share capital;

- (vi) anybody 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;
- (vii) any person on whose advice, directions or instructions a Director or Manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any company which is;

- (A) a holding, subsidiary or an associate company of such company; or
- (B) a subsidiary of a holding company to which it is also a subsidiary;
- (C) an investing company or the venture of the Company

Explanation- For the purpose of this clause, “the investing company or the venture of a Company” means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate.

- (ix) such other person as may be prescribed;
Rule 3 of the Companies (Specification of definitions details) Rules, 2014, provides that a Director or Key Managerial Personnel of the holding company or his relative with reference to a company shall also be deemed to be a related party.

B. SEBI(LODR) Regulations,2015

The term Related Party has been defined under Regulation 2(1)(zb) of SEBI(LODR) Regulations, 2015 as follows:

“related party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

f. Related Party Transaction

Reg.2 (1) (zc) of SEBI (LODR) Regulations, 2015 Clause 49(VII) (A) of the Listing Agreements defines a “Related Party Transaction” means to be a transfer of resources, services or obligations between a company and a related party, regardless of whether a 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.

g. Relative

In terms of Section 2(77) of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 a person is said to be a relative of another, if -

- 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).



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Format for Related Party Disclosures

Annexure – 2

It may be noted that the format is merely illustrative and is not exhaustive.

Items / Related Party	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint Ventures	KMP@ Relatives Total of KMP
Borrowings#				
Deposit#				
Placement of deposits#				
Advances#				
Investments#				
Non funded commitments#				
Leasing arrangements availed#				
Leasing arrangements provided#				
Purchase of fixed assets				
Sale of fixed assets				
Interest paid				
Interest received				
Rendering of services*				
Receiving of services*				
Management contracts*				



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Annexure - 3

Format of declaration to be given by the Director/KMP/Related Party & Relatives

I _____ Son/Daughter/spouse of _____ resident of _____ being a Director / Key Management Personnel (KMP)/ relative of Director or KMP/related party in the Company hereby give notice of my interest of concern in the following company or companies, bodies, corporate, firms or other association of individual/ transactions;

1	Name of the Companies/Body Corporate/firms/Association of Individuals	
2	The name of the related party and nature of relationship	
3	The nature, duration of the contract and particulars of the contract or arrangement	
4	Nature of Transactions	
5	Material terms of the contract or arrangement including the value, if any	
6	Any advice paid or received for the contract or arrangement, if any	
7	Manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract.	
8	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	
9	Whether arm's length transaction	
10	Whether as per approved scheme of the Company	
11	Any Other information relevant or important for the Board to take a decision on the proposed transaction	

Signature:

Date:

Designation:



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Annexure - 4

Format of Information in Related Party Transaction

Name of the Account where facility availed:
Name of the related party and relationship:
Nature & Volume of transaction during the quarter:

A) Transaction of routine and repetitive in nature

Nature of Transactions	Total During the quarter	Cumulative during the financial year
Deposits		
Interest Paid/Accrued		
Advances		
Interest Paid/Accrued		
Other Services/Contracts		
Whether Staff rate and whether eligible		
Special concession, if any		
Whether at arm's length		

B) Transaction not covered under (A) and upto a monetary limit of Rs 1 Crore per transaction

Nature of Transactions	Total During the quarter	Cumulative during the financial year
Special concession, if any		
Whether at arm's length		

C) Material Transactions

Nature of Transactions	Total During the quarter	Cumulative during the financial year

**e.g. lease agreements, service contracts etc.

I/We hereby confirm that the transactions entered into by me/us/my relatives with the Company were at arm's length and no special benefits have accrued to me/us/relatives.

I/we also confirm that all transactions which are in the purview of the related party transaction have been reported by me.

(Signature/Authorized Signatory)