



RELATED PARTY TRANSACTION POLICY

SATIN HOUSING FINANCE LIMITED (SHFL)
{REGISTERED WITH NATIONAL HOUSING BANK (NHB)}

Version History

Version	Date	Description of Changes
1.0	20.03.2020	First Version Released

PREAMBLE

Related Party Transaction Policy is adopted by the Board of Directors of Satin Housing Finance Limited (hereinafter referred to as “Company or SHFL”) pursuant to the compliances under the provisions of the Companies Act, 2013.

Companies Act, 2013 also specifies that (pursuant to section 188 read with Rule 15 of The Companies (Meetings of Board and its Powers), Rules, 2014) subject to a resolution passed by Board at a meeting of the Board of Directors and subject to such conditions as may be prescribed, no Company shall enter into any contract or arrangement with related party.

The Company must specifically ensure that certain Related Party Transactions are managed and disclosed in accordance with the strict legal and accounting requirements to which the Company is subject.

The Audit Committee will review and may amend this policy from time to time.

DEFINITIONS

Audit Committee or Committee means Committee of Board of Directors of the Company constituted under provisions 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. (Section 188 of 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. (Section 2(6) of Companies Act, 2013)

Explanation: For the purposes of this definition, ‘Significant Influence’ means control of at least 20% of the total share capital, or of business decisions under an agreement.

Board means Board of Directors of the Company.

Chief Executive Officer means an officer of a company, who has been designated, if any, as such by it.

Chief Financial Officer means a person appointed as Chief Financial Officer of the company.

Interested Director means a director who is in any way, whether by himself or through any of his relatives or firm, body corporate or other association of individuals, in which he or any of his relatives is a partner, director or a member, interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of a company.

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 whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

Policy means Related Party Transaction Policy for Satin Housing Finance Limited.

Relative, with reference to any person, means anyone who is related to another, if –

- They are members of a Hindu Undivided Family;
- They are husband and wife; or
- One person is related to the other in such manner as may be prescribed

Rule 4 of the Definition Rules have prescribed the following persons who shall be deemed to be the relative of another, if he or she is related to another in the following manner;

Father including step-father;
Mother including step-mother;
Son including step-son;
Son's wife;
Daughter;
Daughter's husband;
Brother including step brother;
Sister including step-sister

Related Party Transaction means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

All related party shall inform one month or such other shorter period as may be allowed and considered by Audit Committee on case to case basis before entering into any related party transaction(s) to the Company. It is the duty of every Director and Key Managerial Personnel of SHFL to provide with notice in advance of every Related Party Transaction when entered involving him or her or his/her relative to Audit Committee through the Company Secretary, including any additional information about the transaction that the Audit Committee may reasonably request. Audit Committee will determine whether the transaction constitute a related party transaction or not.

PROHIBITIONS & APPROVAL RELATED TO RELATED PARTY TRANSACTIONS

All Related Party Transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- 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 / 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.

To review the transactions, the audit committee shall be provided with the necessary information to the extent relevant.

It is further provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to the limit as prescribed under the Companies Act, 2013.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year or shall be valid for such other period as may be prescribed under any other applicable laws from time to time.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

All Related Party Transactions shall be referred to the next scheduled meeting of Audit Committee for review and approval. Any member of the Audit Committee who has a potential interest in any Related Party

Transaction will abstain from discussion and voting on the approval of the Related Party 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.

Further the committee shall take into consideration the following factors for approving Related Party Transactions:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company.
- Whether the Related Party Transaction would affect the independence of an independent director.
- Whether the proposed transaction includes any potential reputational risk
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction.
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought.

BOARD'S APPROVAL

If audit committee is of the view that a related party transaction should be placed mandatorily under any law, before the Board of Directors of the Company for its approval, and/or the Board suo moto decided to review or to approve any related party transaction, such transaction has to be placed before the Board accordingly for its reviewing and approval and the considerations set forth above, with such modification as may be necessary or appropriate under the circumstances.

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 consummate, the matter shall be reviewed by the Audit Committee. The Audit Committee 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.

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

DISCLOSURE

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.

AMENDMENT

Board has the power and authority to amend and modify the Related Party Transaction Policy in light of modifications and amendments in the Companies Act, 2013 or otherwise.
