



Related Party Transactions Policy

Approved by	
Approval Ref # & Date	
Issue Date	
Policy Maintenance Responsibility	Finance



Related Party Transactions Policy

I. Background

The section 177 and 188 of the Companies Act, 2013 (the Act), along with relevant Rules framed thereunder contain compliance and approval requirements regarding the related party transactions.

This policy is framed to endeavor to ensure due and proper compliance with the applicable provisions and provide guidance for entering into transaction with related party to ensure that proper procedure is defined and followed for approval / ratification and reporting of transactions as applicable, between the Company and any of its Related Parties.

Accordingly, Agrim Housing Finance Private Limited (the Company / Agrim) has adopted the following policy with regard to related party transactions. The Policy will be reviewed at least once in three years.

II. Definitions

a) Arm's length basis

In terms of the Act, the expression '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.

A transaction with a related party will be considered to be on arm's length basis if the key terms, including pricing of the transaction, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with unrelated parties.

It may be noted that this policy framework, including the definitions above, is meant solely for the purposes of compliance with related party transaction requirements under the Act. The above terms may have different connotations for other purposes like disclosures in the financial statements, which are governed by applicable regulations, accounting standards, regulatory guidelines etc.

b) Transaction

Transaction shall be construed to include a single transaction or a group of transactions in a contract. Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Act, or rules and regulations made thereunder including the applicable accounting standards or any other relevant legislation/law applicable to the Company.

c) Material related party transaction

Material related party transaction in relation to the Company means a related party transaction, which individually or taken together with previous transactions with a Related Party during a financial year, exceeds ₹ 1 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limit as prescribed or amended by the Companies Act, 2013 or any other Statutory Bodies, whichever is lower.

d) Material modification

Material modification subsequent to entering into a contract or arrangement for a related party transaction, would mean change in overall pricing or rate under a contract by more than 20.0%. Provided, a contract or arrangement where same pricing or rates are offered uniformly to all customer's/service providers will be exempt from the scope of material modification.

e) Ordinary course of business

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.

The following factors are indicative of a transaction being in the ordinary course of business:

- i. The transaction is normal or otherwise unremarkable for the business.
- ii. The transaction is frequent/regular
- iii. The transaction is a source of income for the business
- iv. Transactions that are part of the standard industry practice, even though the Company may not have done it in the past.

These are not exhaustive criteria and the Company will have to assess each transaction considering its specific nature and circumstances.

f) Related party

Related party would include:

- i. a director or his relative;
- ii. a key managerial personnel (KMP) 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 or his relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;

- vi. any body 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 body corporate which is-
 - a. a holding, subsidiary or an associate company of such company;
 - b. a subsidiary of a holding company to which it is also a subsidiary; or
 - c. an investing company or the venturer of the company;

The "investing company or the venturer 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. a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company (as per Companies (Meetings of Board and its Powers) Rules, 2014);
- x. any person or entity belonging to the promoter or promoter group of the listed entity
- xi. any person or any entity, holding equity shares of 20.0% or more (10.0% or more with effect from April 1, 2023) in the Company either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year

g) Related party transaction

Related party transaction reference to the Company means a transaction involving a transfer of resources, services or obligations between:

- The Company or any of the subsidiaries of the Company on one hand and a related party of the Company or any of subsidiaries of the Company on the other hand; or
- The Company or any of the subsidiaries of the Company on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of the subsidiaries of the Company, with effect from April 1, 2023;

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.

Provided that the following shall not be a related party transaction:

- the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- the following corporate actions by the listed entity which are uniformly



applicable/offered to all shareholders in proportion to their shareholding:
Payment of dividend, subdivision or consolidation of securities, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities;

- acceptance of fixed deposits at the terms uniformly applicable/offered to all shareholders/public.

Provided further the units issued by mutual funds, which are listed on a recognised stock exchange(s) will not be considered as related party transactions.

h) Significant influence

Significant influence means control of at least 20% of total voting power, or control of or participation in business decisions under an agreement.

i) Turnover

Turnover has been defined as the aggregate value of the realisation of amount made from sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year. Accordingly, for the Company, the 'turnover' is considered as the 'Total Income', i.e., total of interest income and other income.

III. Approval of related party transactions

A. Corporate Governance Committee / Audit Committee

All related party transactions and subsequent material modification, where Company is one of the party to the transaction should be pre-approved by the Corporate Governance Committee / Audit Committee of the Company before entering into such transaction. The Corporate Governance Committee / Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval. The Corporate Governance Committee / Audit Committee may not approve a transaction but may make appropriate recommendations to the Board.

Only those members of the Committee, who are independent directors, shall approve related party transactions. A related party transaction, which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

The Corporate Governance Committee / Audit Committee may grant omnibus approval for related party transactions of the Company, which are repetitive in nature and subject to certain criteria/conditions as required under Companies Rules, 2014 and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for one financial year.

A transaction, not covered in omnibus approval, amounting upto ₹1.0 crore, entered by a director, KMP or any other officer of the Company, on whose directions or



instructions the Board of Directors or director(s) are accustomed to act, would be voidable at the option of the Corporate Governance Committee / Audit Committee, unless it has been ratified by the Corporate Governance Committee / Audit Committee within three months from the date of the transaction.

Corporate Governance Committee / Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

A related party transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Committee will be placed before the Committee for ratification.

B. Board of Directors

In case any related party transactions are referred by the Company 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, or (iii) a transaction not approved but recommended by the Corporate Governance Committee / Audit Committee, 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 shall not vote to approve the related party transaction.

C. Shareholders

Material related party transaction or a subsequent material modification will require shareholders' approval through resolution and no related parties will vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

The following material related party transactions will be exempt from the obtaining the approval from the shareholders of the Company:

- The Company's transactions with its Parent Company;
- Transaction between two wholly-owned subsidiaries of the Parent Company.

If a related party transaction, entered by the Company, is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Act, it shall require shareholders' approval by a resolution. In such a case, any member who is a related party having interest in the transaction for which resolution being proposed, shall not vote on such resolution passed for approving related party transaction. However, transaction between the Company and its Parent Company will be exempt from shareholders' approval.



IV. Reporting of related party transactions

The Company will disclose every contract or arrangement, which is approved by the Board/shareholders under this Policy, in its Board's report to the shareholders along with the justification for entering into such contract or arrangement.

The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

Details of all material transactions with related parties shall be disclosed in the annual report of the Company. The Company will disclose transactions with any person or entity belonging to the promoter/promoter group of the Company and having shareholding of 10% or more in the Company in the annual report.