

NIVARA HOME FINANCE LIMITED

POLICY ON RELATED PARTY TRANSACTION

With effect from 20th September 2018

The Board of Directors (the “Board”) of Nivara Home Finance Limited (the “Company”) proposed this policy on Related Party Transactions (“Policy”) as required under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9 February, 2017 (‘Direction’) and Companies Act, 2013 (‘the Act’).

1. OBJECTIVE:

This Policy has been framed as per the requirements of the Guidelines and is intended to ensure proper approval and reporting of the transactions between the Company and its Related Parties. This Policy also ensures adequate systems and procedures to address potential conflict of interest and compliance with the provisions of the Act.

2. DEFINITIONS:

2.1 “Applicable Laws” means the Act, the rules made thereunder,

- a) Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;
- b) Companies Act 2013;
- c) Accounting Standards issued by the Institute of Chartered Accountant of India;
- d) or any other legislative authority entrusted with the task of issuing such accounting standards and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions, as may be in effect from time to time.

2.2 “Key Managerial Personnel” in relation to the Company means:

- a) the chief executive officer or the managing director or the manager;
- b) the company secretary;
- c) whole-time director;
- d) the chief financial officer
- e) such other person as may be prescribed from time to time.

2.3 “NHB Direction” means Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 issued by the National Housing Bank including any amendment thereof.

2.4 “Relative(s)” as per section 2 (77) of the Companies Act, 2013, with reference to any person, shall be deemed to be relative of another, if he or she is related to another in the following manner, namely:-

- i. Father, includes step-father.
- ii. Mother, includes step-mother.

- iii. Son, includes step-son
- iv. Son's wife.
- v. Daughter.
- vi. Daughter's husband.
- vii. Brother, includes step-brother.
- viii. Sister, includes step-sister.
- ix. Are members of a Hindu Undivided Family
- x. They are Husband and wife

2.5 "Related Party" means any person who is

- i. a related party under Section 2(76) of the Companies Act, 2013 read with rules issued thereunder;
- ii. a related party under the applicable accounting standards; or
- iii. any other person or entity covered under Applicable Laws.

2.6 "Related Party Transaction(s)" means any transaction with any Related Party that are subject to the provisions of Applicable Laws and shall inter-alia include the following:

- i. purchases or sales of goods or materials (finished or unfinished);
- ii. purchases or sales of property of any kind;
- iii. rendering or receiving of services;
- iv. leasing of property of any kind;
- v. appointment of any agent for purchase or sale of goods, materials, services or properties;
- vi. appointment of such related party to any office or place of profit in the Company, or its subsidiary or associate company;
- vii. underwriting the subscription of any securities or derivatives thereof, of the company;
- viii. licence agreements;
- ix. finance (including loans and equity contributions in cash or in kind);
- x. guarantees and collaterals;
- xi. management contracts including for deputation of employees.
- xii. Such other transactions as per Applicable Law

Notwithstanding the foregoing, the following shall not be deemed to be a Related Party Transactions:

- i. Any transaction that involves providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of the Act, in connection with his or her duties to the Company or any of its holding Company, subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. 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.
- iii. Any other exception which is in consistent with the Applicable Laws, including any rules or regulations made thereunder. All terms not defined herein shall take their meaning from the Applicable Laws.

3. PROCEDURES:

The Audit Committee of the Board of Directors of the Company will review the relevant facts and circumstances of each Related Party Transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the Related Party's interest in the transaction, take into account the conflicts of interest and either approve or disapprove the Related Party Transaction.

The Audit Committee shall be provided with the following information and details pertaining to each proposed related party transactions/ contracts –

- i. The name of the related party and nature of relationship;
- ii. The nature, duration of the transaction / contract or arrangement and particulars of the transaction/ contract or arrangement;
- iii. The material terms of the transaction/contract or arrangement including the value and / or the maximum amount for which the same is proposed to be entered into ;
- iv. Any advance paid or received for the transaction / contract or arrangement, if any;
- v. The manner of determining the pricing and other commercial terms, both included as part of transaction / contract and not considered as part of the same;

No director shall participate in approval of a Related Party Transaction for which he or she is a Related Party.

3.1 Related Party Transactions Not Approved Under This Policy

Any Related Party Transaction that would be entered into and would continue only if the Audit Committee has approved or ratified such transaction in accordance with the guidelines set forth in this policy. If advance approval of a Related Party Transaction requiring the Audit Committee's approval, is not practicable, then the transaction may be preliminarily entered into by management subject to ratification of the transaction by the Audit Committee at the Audit Committee's next regularly scheduled meeting; provided that if ratification will not be done, management will make all reasonable efforts to cancel or annul such transaction. All Related Party Transactions shall require prior approval of the Audit Committee.

3.2 The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following condition

The Audit Committee may grant omnibus approval for RPTs, which are repetitive in nature and are proposed to be entered into by the Company. Omnibus approval shall be valid for a period of one year.

3.3 Approval of Board of Directors

- a. All Related Party Transactions or changes therein shall be referred for approval by the Audit Committee in accordance with this Policy including those transactions proposed to be entered in the ordinary course of its business to the Board of Directors.

- b. Related Party Transactions that are not in ordinary course of business but on arm's length basis should be approved by Audit Committee. Where such Related Party Transactions fall under Section 188 (1) of the Act, the Audit Committee shall recommend the transaction for approval of the Board.
- c. Related Party Transactions that are not on arm's length basis, irrespective whether those are covered under Section 188 or not, should be placed by the Audit Committee, along with its recommendations, to the Board for appropriate action.

4. DETERMINATION OF ORDINARY COURSE OF BUSINESS:

The transactions which are incurred by the Company in carrying its main object of the Company shall be treated as transaction in the Ordinary Course of business. For determining "Ordinary Course of Business", the Company shall consider all acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, which, are done on a routine basis and are not standalone transaction(s). The Company would take into account the frequency of such activity and its continuity, in a normal organised manner, while determining what is in the ordinary course of business.

5. DETERMINATION OF ARMS' LENGTH NATURE OF THE RELATED PARTY TRANSACTION:

At the time of determining the arms' length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- i. The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile.
- ii. Permissible methods of arms' length pricing as per Applicable Laws including such prices where the benefits of safe harbour is available under Applicable Laws.
- iii. For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

6. REPORTING:

- i. Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose by giving notice in form MBP- 1 (format annexed) his concern or interest whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—
 - (a) With a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
 - (b) With a firm or other entity in which, such director is a partner, owner or member, as the case may be,

shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

- ii. Each Director and Key Managerial Person shall at the beginning of financial year provide to the board list of their relatives
- iii. Each Director and Key Managerial Personnel shall be required to disclose to the Audit Committee any potential Related Party Transaction(s) proposed to be entered into by them or their relatives.

The particulars of all the Related Party Transaction entered into with the approval of the Audit Committee / Board of Directors / Shareholders shall be entered into the Register of Contracts or Arrangements in which Directors are interested, maintained by the Company as per the provisions of the Companies Act, 2013 and rules framed thereunder.

7. DISCLOSURE OF THE POLICY:

The Company shall disclose related party Transactions in the Financial Statements and Annual Report of the Company in accordance with Companies Act 2013, Accounting Standards, the NHB Direction and other applicable law. It shall also This Policy will be uploaded in the website of the Company.

8. REVIEW & MONITORING OF RELATED PARTY TRANSACTIONS:

The Audit Committee may review and monitor once a year the Related Party Transactions, taking into account 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 connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the requirements of the Companies Act, 2013

FORM MBP - 1

Notice of interest by director

[Pursuant to section 184 (1) and rule 9(1)]

To

The Board of Directors

Nivara Home Finance Limited

Dear Sir(s) I,, son/daughter/spouse of, resident of, being a director in the company hereby give notice of my interest or concern in the following company or companies, bodies corporate, firms or other association of individuals:-

Sl No.	Names of the Companies /bodies corporate/ firms/ association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose / changed

Signature:

MD/Director/Secretary/Whole time Director

Place:

Date: