



**Related Party Transactions Policy
Version 2.0**

Version Tracker			
Particulars	Date	Approved by	Version
Policy approved on	18 th July, 2016	Board	Version 1.0
Amended on	9 th November, 2018	Board	Version 2.0
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1. Introduction

Hinduja Housing Finance Limited (the “Company”) is committed to upholding the highest standards of professional and ethical conduct in fulfilling its responsibilities and recognizes that related party transactions can present potential or actual conflicts of interest of Directors, Key Managerial Personnel, Senior Management, etc. with the interest of the Company.

In order to ensure that the transactions entered into with related parties (as defined below) are in the best interests of the Company and the shareholders, the Board of Directors of the Company adopts this policy regarding review and approval of Related Party Transactions and to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

2. Policy Objectives

This policy is framed pursuant to the provisions of the Companies Act, 2013 including any statutory modifications or re-enactment thereof.

Provisions of this policy are designed to ensure transparency in the approval process and reporting and disclosure requirements, in terms of the applicable laws.

3. Definitions

3.1 Applicable Law

Applicable law means the Companies Act, 2013, and such other secretarial and accounting standards as may be applicable including any statutory modifications or re-enactment thereof.

3.2 Arms’ length basis

Arm’s length basis means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length Basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961

3.3. Employees

Employees mean the employees and office-bearers of the Company, including but not limited to Whole-Time Directors.

3.4 Material Related Party Transaction

Material Related Party Transaction means a transaction with a Related Party as defined in the Companies Act, 2013, the rules made thereunder including any statutory modifications or re-enactment thereof.

3.5 Ordinary Course of business (existing definition removed and new definition inserted with more clarity)

Ordinary Course of Business means: -

- a) all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the Ordinary Course Business.
- b) On occasions, the nature of the business carried out and industry practice in accordance with well settled customs and usages would help determining whether an activity is in the 'ordinary course of business' or not.
- c) Activities in the ordinary course of business are likely to have a well-established precedence in the company history. If an activity is being conducted for the first time, it is likely not part of the ordinary course of business.
- d) Regular and frequently occurring activities will typically be considered to be unremarkable and in the ordinary course of business. Transactions which are infrequent and occur only once in a while are not to be classified as 'ordinary'. We are assuming periodicity to be once every 18 months.
- e) Activities where the quantum of transactions are consistent with past history
- f) the following activities will generally not be considered as part of the ordinary course of business:
 - (i) Corporate Restructurings and Schemes of Arrangement between related entities
 - (ii) Slump Sales or Hive-Offs to related entities
 - (iii) Purchase of securities of related entities (other than for pure investment companies)
 - (iv) Royalty fees paid or received from related entities
 - (v) Providing capital support to group entities (other than wholly-owned subsidiaries)

Point (b) to (f) are based on the guidance provided in the report titled “A Framework to define Ordinary course of business” by Institutional Investor Advisory Services – A Proxy Advisory Firm

3.6 Related Party Transactions

Related Party Transactions means as defined in the Companies Act, 2013, including any statutory modifications or re-enactment thereof.

All other words and expressions used but not defined in this Policy, but defined in the Companies Act, 2013 shall have the same meaning as respectively assigned to them in such Acts, Rules or Regulations or any statutory modification or re-enactment thereto, as the case may be and as the context may require. (broadly in line with AL)

4. Related Party Transactions

All related party transactions and material related party transactions of the Company shall be carried out in accordance with the norms specified under the Companies Act, 2013, including any statutory modifications or re-enactment thereof.

5. Related Party Transactions, which shall not require the approval

The following transactions shall not require separate approval under this Policy:

- (i) Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the statutory laws stated herein this policy 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;
- (ii) Indemnification and advancement of expenses made pursuant to any agreement or by-laws of the Company;
- (iii) 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;
- (iv) Any transaction which is in the Ordinary Course of Business and on an Arm's Length Basis as determined in terms of this Policy;



- (v) Any transaction 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;
- (vi) Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- (vii) Payment of Dividend;
- (viii) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, approved by the Board and carried out in accordance with the specific provisions of the Act or the Listing Agreement;
- (ix) Contribution to Corporate Social Responsibility, subject to approval of Corporate Social Responsibility Committee and within the overall limits approved by the Board of the Company;
- (x) Any other exception which is consistent with the Applicable Law, including any Rules or Regulations made thereunder, and must be approved in advance by the Audit Committee.

6. Related Party Transactions not previously approved

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 consummation, 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. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

Further, if the Related Party Transaction is not ratified within three months from the date on which such contract or arrangement is entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.



7. Disclosures:

All related party transactions during the quarter shall be reported to the Audit Committee during its quarterly / annual meetings considering unaudited / audited financial statements of the Company.

Such other disclosures as may be required under the statutory laws referred in this policy.

8. Power to amend the policy

The Board of Directors reserves the power to review and amend this policy from time to time as and when necessary.