



Related Party Transactions Policy of the Company

2022-2023

Board Secretariat Department

**Registered Office
#29/1, Sir M N Krishna Rao Road
Basavanagudi
Bengaluru – 560 004**

Related Party Transactions Policy

1. Brief Background:

Security Exchange Board of India (SEBI) vide its circular No.CIR/CFD/POLICY CELL/2/2014 dated 17th April 2014, read with circular No.CIR/CFD/POLICY CELL/7/2014 dated 15th September 2014, has amended clause 35B and 49 of the listing agreement. 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.

Can Fin Homes Limited is a public limited company incorporated on 29/10/1987 under the Companies Act, 1956 (Corporate Identity Number L85110KA1987PLC008699). The equity shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited and as such the provisions of the listing agreements entered into by the Company with the said stock exchanges (hereinafter collectively 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.

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 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

During the course of its business, the Company enters into transactions with various entities. Some of the transactions are deemed to be 'Related Party Transactions' as per the Indian Accounting Standard on Related Party Disclosures (Ind AS 24), as notified by the Companies (Indian Accounting Standards) Rules, 2015. Such transactions are 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's (KMPs) 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.

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. The description of the related parties is furnished in "Appendix-1 – Definitions of various terms used in the policy".

4. Transactions are considered as related party transactions:

Following types of the transactions 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;
- (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.

Types of the transactions considered as related party as per Reg.2(1)(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.

Types of the transactions considered as related party as per Indian Accounting Standard 24:

- (a) Purchases or sales of goods (finished or unfinished);
- (b) Purchases or sales of fixed assets;
- (c) Rendering or receiving of services;
- (d) Agency arrangements;
- (e) Leasing or hire purchase arrangements;
- (f) Transfer of research and development;
- (g) License agreements;
- (h) Finance (including loans and equity contributions in cash or in kind);
- (i) Guarantees and Collaterals; and
- (j) Management contracts including for deputation of employees.

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, 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. 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 Accounts Dept. shall prepare a list of related party on the basis of information collected from the related parties as on 31st of March 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 among the branches and any transactions with the related parties shall be carried out as per the Related Party Transaction policy.

7. Approval of Related Party Transaction:

Approval of Related party transactions by Audit Committee of the Board: All related Party Transactions and subsequent material modifications proposed to be entered into by the Company shall require prior approval of Audit Committee of the Company except those transactions exempted by the committee through omnibus specific approval. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

- (a) the audit committee shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- (b) a related party transaction to which the subsidiary, if any, of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company; (Not applicable for the present, as the Company has no subsidiary)
- (c) with effect from April 1, 2023, a related party transaction to which the subsidiary, if any, of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent (10%) of the annual standalone turnover, as per the last audited financial statements of the subsidiary; (Not applicable for the present, as the Company has no subsidiary)
- (d) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary, if any, is a party but the Company is not a party, if regulation 23 and 15(2) of the SEBI LODR Regulations are applicable to such Company.

Exemptions

All "Material" related party transactions and subsequent material modifications 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:

- (a) Transactions entered into between two government companies;
- (b) 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.

Approval of the Board of Directors:

All the Related Party Transactions and subsequent material modifications specified 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.

Approval of Shareholder:

All the Material Related Party Transactions and subsequent material modifications, if any, as defined by the Audit Committee [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.

Provided that prior approval of the shareholders of a Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and 15(2) of the SEBI (LODR) Regulations are applicable to such listed subsidiary.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a) A summary of the information provided by the management of the listed entity to the audit committee as specified in point 4 above;
- b) Justification for why the proposed transaction is in the interest of the listed entity;
- c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- d) A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f) Any other information that may be relevant.

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 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 as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- iii) Leasing of property of any kind amounting to 10% or more of turnover 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 as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188.

Omnibus approval by the Audit Committee:

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 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;

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 crore (Rupees One Crore only) per transaction.

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.

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.

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 to the Accounts Dept. RO, 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 Accounts Department at RO shall appropriately take it up for necessary prior approvals from the Audit Committee at its next 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 the branch/office shall give a detailed note with justification to Accounts Department RO, for entering such transaction along with details of proposed transaction with draft agreement/MoU/other supporting documents. Based on the note the Accounts Department at RO, shall escalate the matter for necessary approvals of the Audit Committee/Board/Share Holders as may be applicable.

The Accounts Department at RO, shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential related Party Transaction for approval:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
- g. details of the source of funds in connection with the proposed transaction;
 - (i) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - (ii) nature of indebtedness;
 - (iii) cost of funds; and
 - (iv) tenure;
 - (v) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - (vi) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- h. Justification as to why the RPT is in the interest of the listed entity; A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant

The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

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 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 Committee. The Committee shall consider all 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party.

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. Registers & Disclosures

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.

Necessary disclosures shall be made in the Annual Financial Statements as required under Ind AS-24 and RBI guidelines (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 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.

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on Corporate Governance.

The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report [as per Para 4.3.2 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time].

The Company being a high value debt listed entity, shall submit to the stock exchanges disclosures of related party transactions at such periodicity and in the format as prescribed by SEBI from time to time and publish the same on its website in terms of Regulation 23 of the SEBI (LODR) Regulations.

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 Dept. 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. Secrecy Provisions

In terms of paragraph 5 of Accounting Standard 18, the disclosure requirements do not apply in circumstances when providing such disclosures would conflict with the reporting enterprise's duties of confidentiality as specifically required in terms of statute, by regulator or similar competent authority. In terms of Paragraph 6 of Accounting Standard 18, in case a statute or SEBI prohibits the Company from disclosing certain information which is required to be disclosed, non-disclosure of such information would not be deemed as non-compliance with the requirements of Accounting Standard 18. It is clear from the above that on account of the judicially recognized common law duty of the Company to maintain the confidentiality of the customer details, they need not make such disclosures. In view of the above, where the disclosures under the Accounting Standards are not aggregated disclosures in respect of any category of related party i.e., where there is only one entity in any category of related party, Company need not disclose any details pertaining to that related party other than the relationship with that related party.

15. 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.

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 thereunder.

d. Key Managerial Personnel (KMP)

KMP as provided in section 2(51) of the Companies Act, in relation to the Company are:

- (i) the Chief Executive Officer or the Managing Director;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed;

(j) Material modifications

"Material Modification" of related party transaction shall mean and include any modification to an existing related party transaction having variance of 10% of the existing limit as sanctioned by the Audit Committee/Board/Shareholders, as the case may be w.e.f. April 1, 2022.

(k) 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 rupees one thousand crore or ten percent of the consolidated turnover of the listed entity as per the last audited financial statements of the Company, whichever is lower. In terms of 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 five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

(l) 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 –

- a) a Director or his relative;
- b) a Key Managerial Personnel or his relative;
- c) a firm, in which a Director, Manager or his relative is a partner;
- d) a private company in which a Director or Manager is a member or director;
- e) a public company in which a Director or Manager is a Director and holds along with his relatives, more than 2% of its paid-up share capital;
- f) 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;
- g) 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;
- h) any body corporate which is —
 - a holding, subsidiary or an associate company of such company;
 - a subsidiary of a holding company to which it is also a subsidiary; or
 - an investing company or the venturer of a 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.

- i) 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:

- i. any person or entity forming a part of the promoter or promoter group of the Company; or
- ii. any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent 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 Companies Act, 2013, at any time, during the immediately preceding financial year; shall be deemed to be a related party:”

Beneficial interest on a share includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to— (i) exercise or cause to be exercised any or all of the rights attached to such share; or (ii) receive or participate in any dividend or other distribution in respect of such share (Section 89 of Companies Act).

Provided that:

- i. any person or entity forming a part of the promoter or promoter group of the Company; or
- ii. any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent 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 Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party:”

Beneficial interest on a share includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to— (i) exercise or cause to be exercised any or all of the rights attached to such share; or (ii) receive or participate in any dividend or other distribution in respect of such share (Section 89 of Companies Act).

a. Accounting Standard:

“Related Party” in pursuance of Ind-AS 24, is a person or entity that is related to the entity that is preparing its financial statements (referred to as ‘reporting entity’):

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control of the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(i) Related Party Transaction

“Related party transaction” as per Reg.2(1)(zc) of SEBI(LODR) Regulations, 2015 means a transaction involving a transfer of resources, services or obligations between:

- (i) a Company or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a Company or any of its subsidiaries 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 listed entity or any of its subsidiaries, 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:

- (a) 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;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

(m) 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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Annexure-2**Format for Related Party Disclosures**

The manner of disclosures required by paragraphs 23 and 26 of AS 18 is illustrated below. 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*				

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: _____

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/Authorised signatory)