



## **MANAPPURAM HOME FINANCE LIMITED**

### **Policy on Related Party Transaction &Materiality**

#### **Approval Details:**

<b>Approval Date</b>	<b>15<sup>TH</sup> March 2017</b>
<b>Effective Date</b>	<b>15<sup>TH</sup> March 2017</b>
<b>Approved by</b>	<b>Board of Directors</b>
<b>Review</b>	<b><i>Annual</i></b>
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<b>Policy Owner</b>	<b>Secretarial Department</b>

## **MANAPPURAM HOME FINANCE LTD**

### **POLICY ON MATERIALITY OF RELATED PARTY AND MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS.**

#### **Objective**

Manappuram Home Finance Ltd (MAHOFIN or Company) is governed, amongst others, by the rules and regulations framed by the Reserve Bank of India/National Housing Bank. RBI has mandated every HFC to frame & disclose the policy on dealing with Related Party Transactions and the materiality of Related Party Transactions on its website and in the Annual Report vide their Master direction date February 17,2021.

Accordingly, the Company has formulated this policy on Materiality of Related Party Transactions and to dealing with Related Party Transactions (Policy). This Policy regulates all transactions between the Company and its related parties.

#### **1. Title and commencement: -**

This policy will be known as the Related party Policy of Manappuram Home Finance Ltd. and will be effective from the date as may be specified by the Board.

#### **2. Important definitions**

“Act” means the Companies Act 2013 and rules made there under as amended from time to time

**Audit Committee’ or the ‘Committee’** means the committee of the Board of Directors of the company constituted under the Companies Act 2013 or its earlier enactment.

**Board** means Board of Directors of the Company.

“**Holding Company**” shall have the meaning as specified under Section 2(46) of the Companies Act 2013

**Key managerial personnel means.**

- i. Managing Director & Chief Executive Officer, Executive Directors, and Directors in the whole-time employment of the company
- ii. Chief Financial Officer
- iii. Company Secretary.
- iv. And any other person as may be prescribed by the Central Government and to be applicable to the company.

**“Material Modification”** means such modification to existing related party transaction which in the opinion of Independent Directors is material

**“Material related Party transactions”** Means a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company or Rupees 1000 crores whichever is lower as per the last audited financial statements of the company.

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 listed entity

**“Related party”**

Related party, with reference to a company, means-

- i) A director or his relative.
- ii) Key managerial personnel 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 is a member or director.
- v) A public company in which a director or manager is a director or holds along with his relatives, more than two percent of its paid-up share capital
- vi) Anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instruction of a director or manager.
- vii) Any person on whose advice, direction, 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 give in a professional capacity.
- viii) Any company 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
- ix) And such other entity which is a related party as provided under the applicable accounting standards

**“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act,

2013 and rules prescribed there under.

### **“Related party transactions”**

means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity 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 listed entity 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:

### **3. Policy**

All Related Party Transactions and subsequent material modifications to such material modification shall be approved by the Audit Committee and the same shall be recommended to the board for its approval if the same is not in the ordinary course of business and arm’s length basis. All material related party transactions and subsequent material modifications as defined by audit committee shall require the approval of shareholders by way of ordinary resolution.

No related party shall vote on a resolution even if such party is not related to the particular transaction under consideration and the same shall be passed in the general meeting.

### **3. Approval of Audit Committee of Holding company**

The prior approval of Audit committee of Listed holding company shall be required for a related party transaction involving listed subsidiary and any other person but listed holding company is not a party to such transaction if Regulation 23 and Regulation 15(2) of SEBI (Listing Obligation & Disclosure Requirement) Regulations 2015 is not applicable to such listed subsidiary.

### **4. Identification of Potential Related Party Transactions**

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of 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. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

### **5. Manner of dealing with related party transactions.**

- i. Company will entertain only such transactions which are in the interest or beneficial to the company and are at arm's length basis.
- ii. All the related party transactions other than the remuneration/ compensation to any director or key managerial personnel in connection with the discharge of his or her duties in the company, its holding, subsidiary or associate company including the reimbursement of reasonable expense towards travel, boarding and lodging, other perquisites or benefits as per the terms of employment or contract of service or as per the tradition or practice or pursuant to any provision of any statute and shall require the prior approval of the board after the review and recommendation by the audit committee.
- iii. The approval of the Board for a transaction shall be by means of a resolution passed at its meeting.

### **6. Manner of dealing with material related party transactions**

- i. Company may enter in to any material related party transactions as defined in this policy only with the prior approval of the shareholders by way of a resolution passed either at a meeting of the shareholders.

- ii. Any proposal for a material related party transaction shall be reviewed by the audit committee and recommend to the board before it is placed before the shareholders for approval.
- iii. The related party shall not cast votes on the resolution even if he is not a related party to the transaction placed for approval by shareholders.

#### **7. Nonmaterial transactions and pecuniary relationships**

- i. For this policy, directors, including independent directors and key Managerial personnel may enter transactions with the company in the ordinary course of its business at arm's length prices where such transactions do not involve a consideration or commercial value exceeding Rs.10. million in the aggregate during a financial year. However, they shall not enter any negotiated transactions, contracts, or other arrangements with the company without complying with the other provisions of this policy.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities, if any, issued by the Company and all holders of such securities receives the same benefits pro rata as the Related Party.

#### **8. Parent & Associate companies**

- a. All related party transactions with the Parent company & its associates require the prior approval of the audit committee and the board.
  - i. The company may enter into a transaction with its Parent company & its associates if they are urgent in nature and have to be undertaken in between two scheduled board /audit committee meetings and in such case the same shall be approved by resolution by circulation and the same shall be taken note of at the next board / committee meetings with all relevant particulars.

#### **9. Review and Approval of Related Party Transactions**

While considering any related party transaction, the Committee shall consider all relevant facts and circumstances 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. Any member of the Committee who has a potential interest in any Related Party Transaction will refuse himself or herself and abstain from the discussion and voting on the approval of the himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

The Committee shall 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. In addition, while reviewing the transactions, the committee shall be entitled to call for additional information or opinions of expertise at the cost of the company and to demand for the attendance of any officer or other employee of the company.

Prior to the approval, the Committee may, inter-alia, consider the following factors to the extent relevant to the transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and in the ordinary course of business
- Whether the Related Party Transaction would affect the independence of an independent director.
- Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the proposed transaction.
- While considering the arm's length nature of the transaction, the Committee may consider the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may also take into consideration subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.
- Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial interest or benefit to the Director, Key Managerial Personnel or other Related Party concerned, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

## **10. Omnibus Approval**

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval. For granting omnibus approval, the committee shall specify the following details:

- Name of the related party.

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- Nature of the transaction.
  - Period of the transaction.
  - Maximum amount of the transactions that can be entered in to
  - Indicative base price / current contracted price and formula for variation in price, if any.
  - Justification for the omnibus approval.

Provided that where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available Audit committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore for each transaction

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction for the specific period approved.

The omnibus approval shall be valid for a period of one financial year and fresh approval shall be obtained after the expiry of one year.

#### **11. Manner of dealing with unregulated related party transactions.**

Where 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 Transaction to the Committee under this Policy and shall take any such action it deems appropriate or submit their recommendation to the Board.

#### **12. Disclosure and Recording of Related Party Transactions:**

- a. Company shall disclose each year in the Audited Financial Statements transactions with Related Parties as prescribed in the applicable Accounting Standard as well as accounting policies governing transactions with Related Parties.
- b. Disclosure in the Board's Report to the shareholders shall be made as prescribed under Companies Act, 2013.
- c. The Company Secretary shall make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

#### **13. Amendment to the policy**



The policy may be updated or modified in accordance with the changes to the threshold limits or as may be required by the amendments to the applicable laws and regulations with the approval of Board of directors.

#### **14. Communication of the policy**

This Policy will be published on the website of the company and a link will be provided in the annual report of the company the publication on the web site will constitute a notice to all to whom it is applicable.

#### **15. Effective date and applicability**

The policy shall be effective from the date of approval of the policy by the Board.