



# Saral Home Finance Limited

(Formerly known as Vishwakriya Housing Finance Limited)

CIN : U74899DL2000PLC104956

Regulated by the National Housing Bank

117, South Ex. Plaza - II, 209 Masjid Moth,

New Delhi 110049

T+91 11 41004035/36

## **Related Party Transaction Policy and Procedures**

### **1. Policy:**

Saral home finance limited (“SHFL”) recognizes that related party transactions present a potential or actual risk of conflicts of interest (or the perception thereof) and therefore the Company has adopted this policy, under which all Related Party Transactions will be subject to approval and reporting norms as required under the applicable laws and in accordance with the procedures set forth in this policy.

### **2. Interpretation:**

This policy is intended to comply with the requirement of the Companies Act, 2013, Indian Accounting Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other statute, law, standards, regulations or other governmental instruction relating to the related party, as amended from time to time.

Notwithstanding anything here to the contrary, this policy will be interpreted only in such a manner as to comply with the requirement of the Companies Act, 2013 with the Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with any amendments notified thereafter.

### **3. Definitions:**

a) “Audit Committee” means Committee of the Board of Directors of SHFL constituted under provisions of the SEBI Listing Regulations.

b) “Related Party” shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or under Regulation 2(1)(zb) of the SEBI Listing Regulations as may be amended from time to time.

Related Party under Section - 2(76) of the Companies Act, 2013

With reference to Company, Related Party would mean and include the following:

- (i) A director or his relative;
- (ii) Key Managerial Personnel or their 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 director or holds along with his relatives, more than 2% of its paid-up share capital;
- (v) A person on whose advice, directions or instruction (except given in professional capacity) a director or manager is accustomed to act;
- (vi) A holding / subsidiary or associate Company, subsidiary’s and such person as would be prescribed.

“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.



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Provided that:

- (a)** any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b)** 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 listed entity 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.

Relative under Section 2(77) of the Companies Act, 2013

For the purposes of this policy and pursuant to Rule - 4 of the Companies (Specification of Definitions, Details) Rules, 2014 provides that a person shall be deemed to be the relative of another if he or she is related to another in the following manner, namely:

- (i)** Father(including stepfather);
- (ii)** Mother(including stepmother);
- (iii)** Son (including step-son);
- (iv)** Son's wife;
- (v)** Daughter;
- (vi)** Daughter's husband;
- (vii)** Brother(including step-brother);
- (viii)** Sister(including step-sister).

c) "Related Party Transaction" shall mean all transactions as per Regulation 2 (1)(zc) of the SEBI Listing Regulations as may be amended from time to time. A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

Related Party Transaction under Section 188 of the Companies Act, 2013 liable to be treated as Related Party Transactions is as set below:

- Sale ,purchase or supply of any goods or materials;
- Selling or otherwise disposing of ,or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- Underwriting the subscription of any securities or derivatives thereof, of the Company;



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“related party transaction” 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. buyback of securities.
  - v. 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: Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);”

Arm’s length transaction: Arm’s length transaction means transaction between two related or parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Types of the transactions considered as Related Party as per the Reg.2(1)(zc) of SEBI (LODR) Regulations, 2015 and IND AS-24, of the Companies (Indian Accounting Standards) Rules, 2015 and any Other Statute, Law, Standards, Regulations or Other Governmental instruction relating to the Related Party Transactions as may be amended from time to time.

- d) Material Related Party Transaction: means 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 per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

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 listed entity



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## Key Managerial Personnel under Section 2(51) of the Companies Act, 2013

In relation to a Company, Key Managerial Personnel means the following:

- (i) The Chief Executive Officer or the Managing Director or the Manager;
  - (ii) The Company Secretary;
  - (iii) The Whole-time director;
  - (iv) The Chief Financial Officer;
  - (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.
- e) Material Modification: Means any amendment or modification to related party transaction contract affecting the following terms of the transaction/transactions:

- Value: Any upward change affecting the total value (consideration) of transaction/transactions entered into individually or group of transaction during the financial year with that related party.
- Tenure: Any change in tenure of the transaction over and above its original tenure already agreed upon not having any financial implications.

In addition to the above, at its discretion, the Audit Committee may take cognizance of any modification in the existing related party transaction independently, as to whether it amounts to material modification or not and further decide accordingly.

## 4. Procedures and Role of Audit Committee:

### Identification of Related Parties and Related Party Transactions:

- a. Before the start of each financial year, SHFL shall draw up a list of Related Party(s) in accordance with the definition given in SEBI LODR. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard.
- b. All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including their indirect interest) in other companies, firms, body corporate(s) or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him directly or indirectly.
- c. The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will constitute a Related Party Transaction requiring compliance with this RPT policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.
- d. All Related Party Transactions must be referred to the Audit Committee for approval in accordance with this Policy.



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- e. 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.
- f. Any Related Party Transaction that would be entered into and would continue only if the Audit Committee has given prior approval in accordance with the guidelines set forth in this policy.
- g. All Related Party Transactions shall be approved by only those members of the Audit Committee, who are Independent Directors.
- h. All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee of the listed entity.
- i. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;
- j. The Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given;
- k. Such omnibus approvals shall be valid for a period not exceeding one year and shall require refresh approvals after the expiry of one year.
- l. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.
- m. The Audit Committee will have the discretion to recommend /refer any matter relating to the Related Party Transactions to the Board for the approval.
- n. The Related Party Transactions by subsidiary of a listed entity where the listed entity is not a party (i.e. transaction is undertaken by subsidiary with a related party other than a listed entity itself) will require prior approval of the Audit Committee of the parent listed entity where the transaction value whether entered into individually or taken together with previous transactions during a financial year exceeds specified thresholds as follows:
- 10% of the Annual Consolidated Turnover of the listed entity i.e. as per the last audited financial statements of the listed entity, or
  - 10% of Annual Standalone Turnover of the subsidiary i.e. as per the last audited financial statements of the subsidiary (w,e,f. April 01, 2023).
- h. The prior approval of the audit committee of SHFL shall suffice for the related party transactions of unlisted subsidiaries of a SHFL as referred to in (g) above.
- i) No Director shall participate in approval of a Related Party Transaction for which he or she is a Related Party.



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## 5. Review and approval of Related Party Transactions:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation.

The Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction. The approval policy framework is given below:

Audit Committee Approval -> All Related Party Transactions

Board Approval ->

- Related Party Transactions referred by Audit Committee for approval of the Board
- Related Party Transactions as required under the regulations applicable.

Shareholder's Approval ->

- Approval by resolution for:

(a) Material Related Party Transactions

(b) Related Party Transactions not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under the regulations applicable.

5.1 Information to be provided for seeking approval:

Following details should be provided to the Audit Committee and/or Board, as the case may be, where approval for entering into Transactions with Related Party(s) are sought:

- (a) The name of the Related Party and nature of relationship;
- (b) The nature, duration of the contract and particulars of the contract or arrangement;
- (c) The material terms of the contract or arrangement including the value, if any;
- (d) Any advance paid or received for the contract or arrangement, if any;
- (e) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (f) 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; and
- (g) Any other information relevant or important to take a decision on the proposed transaction.

Audit Committee and/or Board may call for such additional information as may be required for granting approval to such Transactions.



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### 6. Factors/Criteria to be considered while granting approval to Related Party Transactions:

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

- (a) Whether the terms of the Related Party Transaction are fair and on arms' length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (b) Whether there are any compelling business reasons for the Company to enter into a Related Party Transaction and the nature of alternative transactions, if any;
- (c) Whether the Related Party Transaction would affect the independence of an independent director;
- (d) Whether the transaction qualifies to be a transaction in ordinary course of business;
- (e) Whether the proposed transaction includes any potential risk issues that may arise as a result of or in connection with the proposed transaction;
- (f) Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the term and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director or other Related Party, the director indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of the any proposed relationship and any other factors the Board / Committee deems relevant.

### 7. Related Party Transactions not approved under this policy

In the event SHFL becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, SHFL would obtain postfacto approval from the Audit Committee, the Board and/or shareholders of SHFL as required under applicable law. In case SHFL is not able to take such prior approval from the Audit Committee, the Board and/or shareholders of SHFL such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to SHFL, including ratification, revision or termination of the Related Party Transaction. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval; the Audit 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 authority to modify or waive any procedural requirements of this Policy.



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## Pre-Approved Transactions:

The Audit Committee has reviewed and pre-approved each of the following types of Related Party Transactions, which will be deemed to be approved, as applicable under this policy:

### (1) Managerial Remuneration:

- (a) To Managing Director & CEO if the remuneration is required to be reported /circulated to the shareholders pursuant to requirement of the Companies Act, 2013 and such remuneration has been approved, or recommended to the Company's Board of Directors for approval, by Nomination and Remuneration Committee of the Board of Directors; or
- (b) To Key Managerial Personnel if the remuneration is required to be reported / circulated to the shareholders pursuant to requirement of the Companies Act, 2013 and such remuneration has been approved, or recommended to the Company's Board of Directors for approval, by Nomination and Remuneration Committee of the Board of Directors .

### (2) Transactions that are in the Company's ordinary course of business such as the following:

- (a) Borrowing or Raising of funds in the nature of NCD, Bonds (Tier I or II, subordinate etc) for business of the Company from the promoter, repayment /payment of interest or principal towards secured or unsecured loans. PTC and payment of interest or other return on such subscription.
- (3) Transactions that are in the nature of payment of rent, dividend, reimbursement of municipal taxes, reimbursement of electricity expenses, reimbursement of gratuity for staff on deputation from promoter, payment for staff training, conference and towards renovation and repairs either to promoter or subsidiary or associate.

### 8. Disclosure:

All Related Party Transactions are to be disclosed in the Company's applicable returns/ report/website as required by the Companies Act, 2013 and SEBI Regulations.

### 9. Other Agreements:

Management will assure that all Related Party Transactions are not in violation of and are approved in accordance with any requirements of the Company's financing or other material agreements.

### 10. Policy Review:

This Policy is framed based on the provisions of the SEBI Regulations, the Companies Act, 2013 and rules thereunder and other applicable law. In case of any subsequent changes in the provisions of the SEBI Regulations or the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once in every three years and updated accordingly.

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