

APTUS VALUE HOUSING FINANCE INDIA LIMITED POLICY ON RELATED PARTY TRANSACTIONS

A. PREAMBLE

Aptus Value Housing Finance India Limited (“**Company**”) is dedicated to the highest standard of ethics and integrity and has successfully applied these standards to the business.

Accordingly, the Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management, other related parties etc. with the interest of the Company.

The Board of Directors (“**Board**”) of the Company, adopts the following policy and procedures with regard to Related Party Transactions (“**RPT**”) as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules made there under and any subsequent amendments thereto (“**Companies Act**”), read along with Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) in order to ensure the transparency and procedural fairness of such transactions.

B. OBJECTIVE

Section 188 of the Companies Act read along with the Companies (Meetings of Board and its Powers) Rules, 2014 provides the detailed mechanism for dealing with the RPTs of a company by the Audit Committee of the Board (“**Audit Committee**”) including all the approvals required to be passed by the Board and the shareholders’ in different circumstances. The objective of this Policy is to ensure proper approvals and reporting of transactions between the Company and its related parties in compliance of provisions of the Companies Act, the Listing Regulations and all other applicable statutory provisions for the time being in force, in this regard.

This policy is designed to govern the transparency of the approval process and disclosure requirements to ensure fairness in the conduct of related party transactions. The Board may amend this policy from time to time as may be required.

Any exceptions to the policy on RPTs must be consistent with the Companies Act, including the rules there under, Listing Regulations and must be approved in the manner as may be decided by the Board.

C. TRANSACTIONS COVERED UNDER THIS POLICY

Transactions covered under this policy include any contract or arrangement with a related party.

D. DEFINITIONS

1. “**Arm's Length transaction**” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest, as defined in explanation (b) to Section 188 (1) of the Companies Act.
2. “**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.

(a) the expression “significant influence” means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;

(b) the expression “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;

3. “**Audit Committee**” means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and Companies Act, from time to time.
4. “**Board**” means the Board of Directors of the Company.
5. “**Control**” includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position.

6. “**Key Managerial Personnel**” or “**KMP**” includes:
 - 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.
7. “**Material related party transactions**” means those transactions entered into with the Company by a related party, which when individually or together with previous transactions during a financial year, exceeds rupees one thousand crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, 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 Company as per the last audited financial statements.

8. “**Material Modification**” means any variation(s) on cumulative basis in the terms or value of original approved contract by Rs. 1 Crore or more than 20% of overall contract value, whichever is higher.

Provided that change in the value of RPT on account of following shall not be considered as Material Modification:

- Change in the quantity or rate of the existing RPT due to the reasons beyond the control of the Related Parties.
 - Change due to revision / imposition of statutory levies like taxes, duties, etc.,
9. “**Ordinary course of business**” in order to determine whether a transaction is within the ordinary course of business or not, some of the principles that may be adopted to assess are as follows:
 - (i) whether the transaction is in line with the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities;
 - (ii) whether it is permitted by the Memorandum and Articles of Association of the Company; and

- (iii) whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a company.

“**Related Party**” means a person or an entity shall be considered as related to the Company if:

- (iv) such person or entity is a related party as defined under Section 2(76) of the Companies Act;
(v) such person or entity is a related party under the applicable accounting standard(s); or
(vi) such person or entity is a related party as defined under Regulation 2(zb) of SEBI LODR Regulations, 2015.

Related Parties under Section 2(76) of the Companies Act:

- (i) A director or his relative;
(ii) A 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 or his relative is a member or director;
(v) 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 of the Company;
(vi) 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;
(vii) Any person on whose advice, directions, or instructions a director or manager is accustomed to act; and
Provided that, nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.
(viii) Any body corporate which is:
a. a holding, subsidiary or an associate company of the Company;
b. a subsidiary of a holding Company to which it is also a subsidiary; or
c. an investing company or the venture of the 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.

The Accounting Standard 18 defines related party as “parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and / or operating decisions.

Related party means as per Regulation 2(zb) of SEBI LODR Regulations, 2015.

- a. any person or entity forming a part of the promoter or promoter group of the listed entity irrespective of shareholding; or
b. any person or any entity, holding equity shares of ten per cent or more, 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 immediately preceding financial year;

10. “**Related Party Transactions**” means transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

Related Party Transaction under Section 188 of the Companies Act:

- (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.

“Related Party Transaction” as per regulation 2(zc) of SEBI LODR Regulations, 2015, 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 .

However the following shall not be construed as 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

11. “**Relatives**”, as stated in Section 2(77) of the Companies Act, with reference to any person, means anyone who is related to another, if –

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other in the following manner, namely:
 - (a) Father including step father;
 - (b) Mother including step mother;
 - (c) Son including step son;
 - (d) Son’s Wife;
 - (e) Daughter;
 - (f) Daughter’s Husband;
 - (g) Brother including step brother; and
 - (h) Sister including step sister

12. “**Office or place of profit**” means any office or place:

- (i) where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise; and
- (ii) where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private

Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent free accommodation, or otherwise.

13. “**Total Share Capital**” means the aggregate of the paid-up equity share capital and convertible preference share capital of the Company.

E. DETAILS REQUIRED FOR ASCERTAINING RELATED PARTY

The following details shall be required:

1. Declaration/ Disclosure of interest by all the Directors and KMPs in Form MBP 1;
2. Declaration of relatives by all Directors and KMPs;
3. Declaration about a firm in which a Director/ Manager or his relative is a partner;
4. Declaration about a private Company in which a Director or Manager is a member or director;
5. Declaration regarding a public company in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid up share capital;
6. Notices from Directors of any change in particulars of Directorship or in other positions during the year;
7. Details of 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 of the Company;
8. Details of any person on whose advice, directions or instructions a director or manager is accustomed to act; apart from advice given in professional capacity; and
9. Details of any company which is:
 - i. a holding, subsidiary or an associate company of the Company; or
 - ii. a subsidiary of a holding company to which the Company is also a subsidiary.

F. PROCEDURE

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals from the following:

1. Audit Committee:

All Related Party Transactions whether entered on arm's length basis or not and subsequent material modification as defined in this policy, shall require prior approval of the Audit committee either by circulation or at a meeting. Further all the Related party transactions shall be approved only by the members of the audit committee, who are independent directors.

Following shall be the approval mechanism for RPT;

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

- (i) The Audit Committee shall, after obtaining approval of the Board of Directors, lay down the criteria while granting omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature.
- (ii) The Audit Committee shall satisfy itself the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
- (iii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, viz.:-

- (a) Repetitiveness of the transactions (in past or in future)
- (b) Justification for the need of omnibus approval.

Such omnibus approval shall specify:-

- (a) the name(s) of the Related Parties, nature of transaction, period of transaction, maximum amount of transactions that can be entered into in a year and maximum value per transaction which is allowed;
- (b) the indicative base price/current contracted price and the formula for variation in the price if any; and
- (c) such other conditions as the Audit Committee may deem fit.

However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction.

- (iv) Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

- (v) A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

However, prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

2. Board of Directors:

All Related Party Transactions, which are proposed to be entered by the Company-

- (a) other than in Ordinary Course of Business; and/or
- (b) other than transactions on Arm's Length Basis, shall require prior approval of the Board of Directors of the Company, by means of passing of resolution at a meeting of the Board; and
- (c) Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the resolution relating to such transaction.

Details to be provided to the Audit Committee –

With respect to Related Party Transactions requiring approval of the Audit Committee, the following information, to the extent relevant, shall be presented to the Audit Committee:

- a) A general description of the transaction(s), including the material terms and conditions, nature, duration and particulars of the contract.
- b) The name of the Related Party and the basis on which such person or entity is a Related Party.
- c) Name of director or KMP who is related.
- d) Any advance paid or received for the contract or arrangements
- e) Maximum amount of transaction that can be entered into and the manner of determining the pricing and other commercial terms
- f) The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
- g) The indicative base price / current contracted price and the formula for variation in the price, if any.
- h) Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

Arm's Length transactions - Each Director/KMP who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Audit Committee/Board of Directors concerning such Related Party Transaction and his or her interest in such transaction.

The Audit Committee shall also review and approve any modification, renewal, or extension of any Related Party Transaction.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy to the Board from time to time as it deems appropriate.

This Policy is intended to augment and work in conjunction with other Company policies having any code of conduct, code of ethics and/or conflict of interest provisions.

G. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION

The Company Secretary shall at all times maintain a database of Company's Related Parties containing the names of individuals and companies, identified on the basis of the definition set forth above, along with their personal/ company details including any revisions therein.

The Finance & Accounts Team shall be provided with a complete list of related parties in respect of the Company and its subsidiaries. Any proposed transaction with Related Party shall be communicated to the Company Secretary for consideration and approval by the Audit Committee and/or the Board of the Company. If the transactions are regular in nature, the Finance & Accounts Team shall seek an enabling approval from the Board with financial limit for such transaction each year.

The Related Party list shall be updated whenever necessary, by the Company Secretary and shall be reviewed on a quarterly basis.

In determining whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee,

whether the said Related Party Transaction is in the interest of the Company and its stakeholders and whether there is any actual or potential conflict of interest between the related parties or between the related parties and the Company.

H. APPROVAL OF RELATED PARTY TRANSACTIONS

In accordance with Section 188 of the Companies Act and the Listing Regulations, the Board of Directors and shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

Board of Directors and Shareholders' approval in terms of Companies Act:

All Related Party Transactions which are either not on Arm's Length Basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors. The Board of Directors shall further recommend the same for the approval of the Shareholders by way of resolution of the Company, in case the said transactions exceed the value of transactions as provided under Section 188 of the Companies Act.

Board of Directors and Shareholders' approval in terms of Listing Regulations:

In terms of Regulation 23 of the Listing Regulations, all material Related Party Transaction shall be recommended by the Board of Directors to the shareholders for their approval by way of a resolution.

All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Where an omnibus approval is obtained, the Company Secretary shall obtain details of the Related Party Transactions undertaken by the Company on a quarterly basis, review the value of such transactions and present the same before the Audit Committee for any additional approvals, where the limits laid down under the omnibus approval are likely to be breached.

Individual transactions with Related Parties, which are not in Ordinary Course of Business and not on an Arm's Length Basis, shall be accompanied with management's justification for the same. Before approving such transactions, the Audit Committee will look into the interest of the Company and its shareholders in carrying out the Related Party Transactions and alternative options, if any, available. The Audit Committee may accordingly approve or modify such transactions, in accordance with this policy and/ or recommend the same to the Board for approval.

The Chairman of the Audit Committee/Board shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business and not on Arm's Length Basis and assure themselves that the same are in the interest of the Company and its shareholders.

Related Party Transactions that require prior approval of Shareholders as per Companies Act, 2013:

1. Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to 10% or more of the turnover of the Company*;
2. 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*;
3. Leasing of property any kind amounting to 10% or more of the net worth of Company or 10% or more of turnover of the Company*;
4. Availing or rendering of any services, directly or through appointment of agent, amounting 10% or more of the turnover of the Company*; and
5. Transaction is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding ₹2,50,000 (Two Lakh Fifty Thousand).

6. Transactions for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding 1% of the net worth of the company.

*The limits specified in sub-clauses (1) to (4) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The turnover or Net Worth referred in above shall be computed on the basis of Audited Financial Statements of the preceding financial year.

Related Party Transactions that require prior approval of Shareholders as per Listing Regulation, 2013:

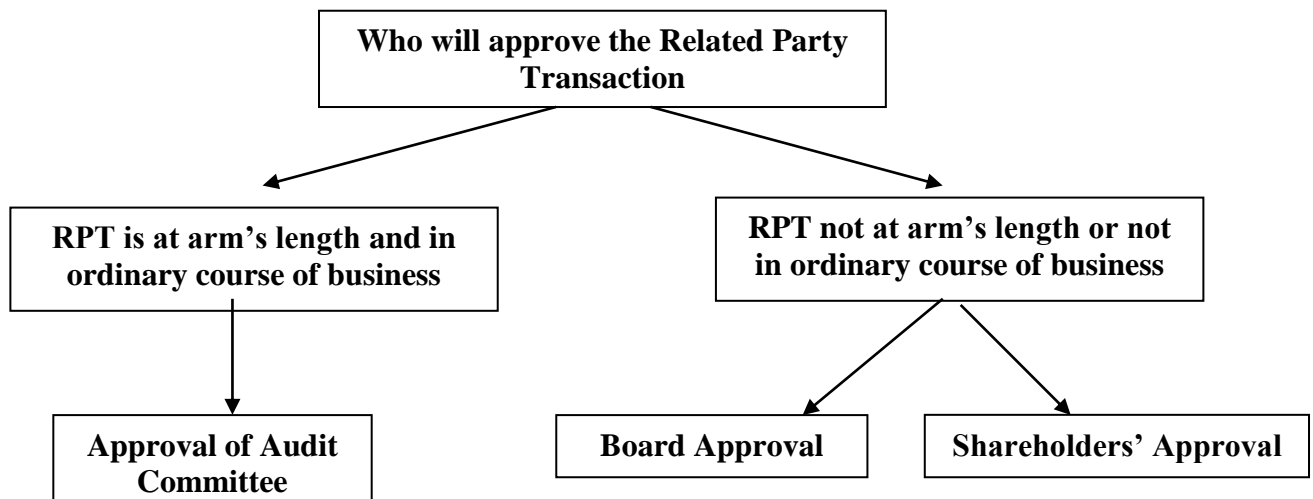
All material related party transactions and subsequent material modifications as defined in this policy, shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

I. OTHER KEY ASPECTS

In accordance with Section 188 of the Companies Act read with related rules issued thereon, in case of wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

AUDIT COMMITTEE/BOARD/SHAREHOLDER APPROVAL MECHANISM FOR ENTERING INTO RELATED PARTY TRANSACTIONS



J. RATIFICATION OF THE RELATED PARTY TRANSACTIONS:

Where any contract or arrangement, which is considered as a Related Party Transaction exclusively as per Companies Act, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board or the shareholders of the Company, such transaction shall

be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

K. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Shareholders, at a meeting within three months from the date on which such contract or arrangement was entered into, the matter shall be reviewed by the Audit Committee, which may consider all of the relevant facts and circumstances regarding the Related Party Transactions and evaluate all the options available with the Company. 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.

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

L. RECORDS

The Company shall maintain adequate records, either physically or electronically, as required under applicable laws, giving separately the particulars of all contracts or arrangements to which this policy applies.

M. DISCLOSURES

Every Contract or arrangement entered with Related Parties to which sub section (1) of Section 188 of the Companies Act is applicable shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangements. The disclosures should also be made in Form AOC-2 as prescribed under the Companies Act.

Details of all material transactions with Related Parties are to be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.

The Company shall disclose this policy relating to Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report in terms of the listing agreement with stock exchanges after the shares are listed.

The Company shall disclose such details of Related Party Transaction as may be prescribed by the stock exchanges.

Post listing, the Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

N. EXEMPTION FROM APPLICABILITY OF THE POLICY

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this policy shall not apply to the following Related Party Transactions, which shall not require approval of Audit Committee or shareholders:

- (i) Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (ii) Transactions entered into between two wholly-owned subsidiaries of the company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- (iii) Any transaction that involves the 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, other than transactions which are not on an Arm's Length basis.
- (iv) Any transaction in which the Related Party's interest arises solely from the ownership of securities issued by the Company and the Related Party receives the same benefits pro rata as all other holders of the same class of securities, other than transactions which are not on an Arm's Length basis.

O. POLICY REVIEW

The Board of Directors of the Company, subject to applicable laws is entitled to amend, suspend, or rescind this Policy at any time. However, the Board of Directors shall review the policy mandatorily every three years and update accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this policy and of the provisions of the Companies Act and/or the Listing Regulations and any other applicable law dealing with related party transactions, such applicable law in force from time to time shall prevail over this policy.
