

SUNDARAM HOME FINANCE LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

PREAMBLE:

This Policy is formulated in terms of the Directions issued by the National Housing Bank *vide* Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017 known as the “Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016,” taking into account the provisions of the Companies Act, 2013 as may be amended from time to time.

OBJECTIVE:

The Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its related parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of the Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

DEFINITIONS:

- a. “Audit Committee or Committee” means the Committee of the Board constituted from time to time under the provisions Section 177 of the Companies Act, 2013.
- b. “Arm’s length means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest as defined under the Companies Act, 2013.
- c. “Board” means the Board of Directors as defined under the Companies Act, 2013.
- d. “Key Managerial Personnel” means Key Managerial Personnel as defined under the Companies Act, 2013.
- e. “Material Related Party Transaction” means a Related Party Transaction which individually or taken together with previous transactions during the financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limits as may be prescribed either in the Companies Act, 2013 and/or Regulation/Rules/Guidelines or other Directions.

- f. "Related Party" a means related party as defined under the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements), 2015 as may be amended from time to time.
- g. "Related Party Transaction" means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –
- i. Sale, purchase or supply of any goods or materials;
 - ii. Selling or otherwise disposing of, or buying property of any kind;
 - iii. Leasing of property of any kind;
 - iv. Availing or rendering of any services;
 - v. Appointment of any agent for the purchase or sale of goods, materials, services or property;
 - vi. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
 - vii. Underwriting the subscription of any securities or derivatives thereof, of the Company;
 - viii. Financing (including loans and equity contributions in cash or kind);
 - ix. Providing or obtaining guarantees and collaterals; and
 - x. Deputation of employees.
- h. "Relative" means a relative as defined under the Companies Act, 2013 and includes anyone who is related in any of the following manner:
- i. Members of a Hindu Undivided Family;
 - ii. Husband or Wife;
 - iii. Father (including Step-Father);
 - iv. Mother (including Step-Mother);
 - v. Son (including Step-Son);
 - vi. Son's Wife;
 - vii. Daughter;
 - viii. Daughter's Husband;
 - ix. Brother (including Step-Brother); or
 - x. Sister (including Step-Sister).
- i. "Transaction" with a related party shall be construed to include a single transaction or a group of transactions.

POLICY:

All the proposed Related Party Transactions shall be referred to the Audit Committee irrespective of (i) whether or not the Transactions are in the ordinary course of business ; (ii) whether or not they are at arm's length basis supported by agreement or formal letter; or (iii) whether or not they are material if the transaction / transactions to be entered into individually or taken together with the previous transactions during a financial year, exceed/s 10% of the annual consolidated turnover of the Company as per its last audited financial statements. The Committee shall accord its approval to such of the Transactions which it considers as in the ordinary course of business and at arm's length basis.

Of the other proposed Related Party Transactions which are not in the ordinary course of business and which are not at arm's length basis shall be referred to the Board. The Board , on due consideration at its meeting of the relevant factors such as the nature of the transaction, material terms, the manner of determining the

pricing and the business rationale for entering into such transactions accord its approval to the Transactions which it deems fit.

The proposed Related Party Transactions which are material in nature shall be placed before the Shareholders for their consideration and approval by special resolution.

The Company shall submit to its Board a quarterly statement of all the Related Party Transactions which are approved by the Audit Committee, the Board and the Shareholders.

AMENDMENTS:

This Policy may be amended by the Board at any time and is subject to (i) the amendments to the Companies Act, 2013 (the Act 2013) and (ii) further guidelines from the SEBI/other applicable regulatory authorities.