



## **APTUS FINANCE INDIA PRIVATE LIMITED**

### **RELATED PARTY TRANSACTION POLICY**

Aptus Finance India Private Limited (Subsidiary Company) which has been incorporated under the Companies Act, 2013 (CIN: U74900TN2015PTC102252) having its registered office at No. 8B, Doshi Towers, 8th Floor, No:205, Poonamallee High Road, Kilpauk Chennai – 600010 is a wholly owned subsidiary of M/s. Aptus Value Housing Finance India Limited (Holding Company) a public limited debt listed company incorporated under the Companies Act, 1956 (CIN: U65922TN2009PLC073881) having its registered office at No. 8B, Doshi Towers, 8th Floor, No:205, Poonamallee High Road, Kilpauk Chennai – 600010.

The holding company would be providing / sharing its infrastructure and resources to / with the subsidiary company. These transactions which are proposed between the holding company and subsidiary company would fall under the purview of Related Party Transactions as dealt with under Section 188 of the Companies Act, 2013 and the rules made thereunder and other applicable laws.

This policy, namely, the related party transaction policy is being formulated and is to be implemented to address these aspects. This policy seeks to address the following:

1. Identification and disclosure of Related Party Transactions (RPTs)
2. Lay down transfer pricing norms between the holding company and the subsidiary company.
3. Lay down criteria for overall approval and norms for RPTs.

### **WHO IS A RELATED PARTY**

As per Section 2(76) of the Companies Act, 2013, related party, with reference to a company, means:

- (a) A director or his relative
- (b) 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) A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except if advice/ directions/ instructions are given in the professional capacity
- (g) Any person on whose advice, directions or instructions a director or manager is accustomed to act, except if advice/ directions/ instructions are given in the professional capacity.



- (h) Any company which is:
- (i) A holding, subsidiary or an associate company of such company, or
  - (ii) A subsidiary of a holding company to which it is also a subsidiary
- (i) Such other persons as may be prescribed

As can be clearly seen from the above, holding and subsidiary companies fall into the category of Related Party and hence transactions between these 2 entities will have to be disclosed in the accounts / financial statements as Related party transactions and necessary approvals are required to be obtained from the Audit Committee, Board of Directors and the shareholders, as the case may be as laid down under the Companies Act, 2013 and the rules made thereunder and other applicable laws. Apart from the above any related party transaction falling within the purview of Section 188 of the Companies Act, 2013 would require necessary approvals are required to be obtained from the Audit Committee, Board of Directors and the shareholders, as the case may be as laid down under the Companies Act, 2013 and the rules made thereunder.

### **RELATED PARTY TRANSACTIONS**

The following transactions would be disclosed as Related party Transactions:

1. Investment by the Holding company into the subsidiary company
2. Loans by the Holding company to the subsidiary company
3. Corporate Guarantee by the Holding company for credit facilities availed by the subsidiary company
4. Other transactions between the holding company and subsidiary company

In the transactions above, the investment / loans / corporate guarantee by the holding company into the subsidiary needs no further explanation. However, it is essential to cover the other transactions that could be entered into between the holding company and the subsidiary company.

### **OTHER TRANSACTIONS BETWEEN THE HOLDING COMPANY AND SUBSIDIARY COMPANY**

The holding company would be providing sharing its infrastructure and resources to / with the subsidiary company, it becomes necessary for the holding company to transfer / allocate costs / expenses appropriately and proportionately to the subsidiary company to ensure that such transactions are done on an arm's length basis.

All the costs / expenses that are incurred by the subsidiary company directly would be booked in the books of the subsidiary. However, the costs / expenses incurred by the holding where a portion of the benefits / services are utilized / accrue by / to the subsidiary company, such costs / expenses would need to be shared between the 2 entities. Such costs/expenses are listed below.



- a. **Personnel Costs:** The holding company would be providing or deputing its employees and personnel to manage, administer and handle the business of the subsidiary company in all areas including collections, legal, disbursements, software, customer care, marketing, etc. The holding company would be providing or deputing all kinds and types of employees and personnel who are on the rolls of the holding company to the subsidiary company including Senior Management personnel, Key Management Personnel, Managers, Cashiers, etc. Their costs would have to be proportionately and appropriately transferred / allocated to the subsidiary company.
- b. **Expenses for shared infrastructure and resources:** The holding company would be sharing all kinds and types of its infrastructure, assets and resources with the subsidiary company like registered office premises, branch offices and premises, storage premises, servers, computers, work stations, hardware and peripherals, telephone and mobile connections, broad band and internet connectivity, logos, stationery, electricity, etc. Hence the expenses pertaining to such infrastructure, assets and resources like rent, electricity charges, repairs & maintenance, communication expenses, software expenses, stationery expenses, etc. would be shared between the holding company and the subsidiary company

#### **METHODOLOGY FOR ALLOCATION OF SHARED COSTS**

The shared costs/expenses enumerated above would be shared/apportioned between the holding company and subsidiary company in the proportion to the average AUM (Assets under Management) for the relevant period.

The sharing/apportionment ratio may be modified during the course of the financial year with the approval of the Audit Committee/Board.

#### **OVERALL APPROVAL FOR RPTs BY AUDIT COMMITTEE**

The Audit Committee may, in the best interests of the Company and to ensure smooth operations, grant overall approval for Related Party Transactions, proposed to be entered into by the Company which are repetitive in nature and which are routine and incidental to the general operations of the Company.

The Audit Committee may make overall approval for related party transactions proposed to be entered into by the company subject to the following:

- 1) Overall Approval Criteria: The criteria for making the overall approval shall include the following, namely:-
  - a) Maximum value of the transactions, in aggregate, which can be allowed under the overall route in a year;
  - b) the maximum value per transaction which can be allowed;



- c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking overall approval;
  - d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the overall approval made;
  - e) transactions which cannot be subject to the overall approval by the Audit Committee.
- 2) Contents of overall approval: The overall approval given by the Audit Committee shall indicate the following: -
- a) nature and duration of the transaction;
  - b) maximum amount of transaction that can be entered into;
  - c) the indicative base price or current contracted price and the formula for variation in the price, if any; and
  - d) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make overall approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- 3) Overall approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- 4) Overall approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

### **REVIEW**

The Related Party Transactions are to be reviewed by the Audit Committee / Board on a quarterly basis.