

INDIA HOME LOAN LIMITED



POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS & DEALING WITH RELATED PARTY TRANSACTIONS

VERSION CONTROL

Version Control No.	Author	Date Created	Date updated	Date Approved	Version Description
1	Mitesh M. Pujara	-	-	-	-
2	Satish Kumar Prajapati	-	20.03.2019	30.03.2019	Format Change
3	Shilpa Katare	-	02.09.2022	03.09.2022	Updation as per amendments
4	Akash Das	-	March 1, 2025	May 29, 2025	Updation as per amendments

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1. Preamble:

India Home Loan Limited (“**IHLL**”) is a Company incorporated under the Companies Act, 1956 (“**Company**”) and is registered as a Housing Finance Company with the National Housing Bank. The Company is engaged in providing home loans for flats, row houses, and bungalows in approved projects. IHLL primarily caters to individuals and families from the Economically Weaker Section (EWS), Low Income Group (LIG), and Middle Income Group (MIG) residing in semi-urban and urban peripheral areas across India. The Company is committed to sound corporate governance practices, and in its efforts to maintain transparency and accountability in its operations, it has adopted a Policy on Related Party Transactions to ensure a fair and robust framework for such transactions.

The Board of Directors of the Company has adopted the following policy and procedures with regard to Materiality of Related Party Transactions and on Dealing with Related Party Transactions as defined below. The Audit Committee will review and recommend to the for the amended to this policy from time to time. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Purpose:

This policy is framed pursuant to the provisions of Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and in terms of Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (“the Companies Act or the Act”), including any modification(s) / amendment(s) / re-enactment(s) thereof.

3. Definitions:

“**Associate Company**” means any other Company, in which the Company has a significant influence.

“**Arm’s Length Transaction**” shall be as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing regulation and Companies Act, 2013.

“Arm’s Length Transaction” shall be as defined in explanation (b) to Section 188 (1) of the Companies Act, 2013

“Board” means Board of Directors of the Company.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means a key managerial personnel as defined under Section 2(51) of the Companies Act, 2013

“Material modifications: “means any modification or amendment to the related party agreement / transaction/commitment with/to a Related Party, the effect of which is likely to result in 50% upward or downward revision in the original approved value of the related party agreement / transaction/commitment set by the Audit Committee

“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 Rs. 1,000 Crore or 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.

“Policy” means Related Party Transaction Policy or any amendment thereto.

“Related” means an entity shall be considered as related to the Company if:

1. Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
2. Such entity is a related party under applicable Accounting Standards.

“Related Party Transaction” “RPT” means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations, as amended from time to time. These include sale, purchase, leasing or supply of goods or property, availing/ rendering of any services, appointment of agents for any of these transactions, underwriting of securities and transfer of resources, services or obligations between the Company and its related party/ies, regardless of whether a price is charged or not.

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.

Further the Related Party Transactions approved by other statutory board committees within their terms of reference viz. Nomination & Remuneration Committee (NRC), Corporate Social Responsibility Committee (CSR Committee), Risk Management Committee (RMC) and Stakeholders Relationship Committee (SRC), if any, shall be deemed to have approval of the Audit Committee from the RPT perspective and the same need not be approved by the Audit Committee once again. E.g.: Allotment of Shares to Key Managerial Personnel by the NRC or payment of remuneration to Directors shall be deemed to have approval of the Audit Committee from RPT perspective.

Explanation: A “transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.

“**Relative**” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- They are members of a Hindu undivided family;
- They are husband and wife; or
- Father (including step-father)
- Mother (including step-mother)
- Son (including step-son)
- Son’s wife
- Daughter
- Daughter’s husband
- Brother (including step-brother)
- Sister (including step-sister)

Transactions in the ordinary course of business” mean transactions or contracts or arrangements or activities that are connected to or necessary for the business of the Company and satisfy the following principles:

- I. permitted under the Memorandum and the Articles of Association of the Company;

- II. carried on a frequent or regular basis or are usual in nature or are as per the customs or industry practice or are necessary/incidental to achieve business of the company; and
- III. the terms of which are similar to those which would be otherwise applicable to transactions with unrelated parties.

Transactions in the ordinary course of business shall cover the businesses of IHLL and would include activities to be carried out incidental to or to facilitate the business of IHLL.

Any other terms and expressions used but not defined herein, shall have the same meaning as defined in the Companies Act, the Listing Regulations, and / or the rules and regulations made thereunder.

4. IDENTIFICATION OF RELATED PARTY

Every Director and Key Managerial Personnel will be responsible for providing a declaration in the format as per 'Annexure 1' containing the following information to the Company Secretary on an annual basis:

- 1. Names of his / her Relatives;
- 2. Partnership firms in which he/she or his/her Relative is a partner;
- 3. Private Companies in which he/she is a director or manager, or his relative is a member or director;
- 4. Public Companies in which he / she is a Director or manager and holds along with his/her Relatives more than 2% of paid up share capital;
- 5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions; and
- 6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Every Director and Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

5. Policy:

All Related Party Transactions shall be reported to the Audit Committee and referred for approval by the Audit Committee in accordance with this Policy.

5.1. Procedures for review and approval of Related Party Transactions:

5.1.1. Audit Committee:

All related party transactions require the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for such transaction, subject to the following conditions:

- a. The Audit Committee shall lay down the criteria for granting omnibus approval in accordance to this policy and the relevant provisions of law and such approval shall remain in force for the repetitive transactions;
- b. The Audit Committee shall be satisfied for the need of granting the omnibus approval and that such approval is in the best interest of the Company;
- c. The omnibus approval shall be applicable in respect of transactions which are repetitive in nature;
- d. Such an approval shall specify –
 - (i) the name(s) of the related party, nature of transaction, period of the transaction, maximum amount of transaction that can be entered into;
 - (ii) the indicative base price/current contracted price along with the formula of variation in price, if any;
 - (iii) any other conditions which the Audit Committee deems fit.

However, in case of related party transactions which cannot be foreseen and where above details are not available, Audit Committee may grant omnibus approval provided the value does not exceed Rs. 1,00,00,000/- (Rupees One Crore).

- e. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approval given.
- f. The omnibus approval shall be valid for a period of 1 (one) year.

While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee/Board, as the case maybe, may review the following documents/seek *inter-alia* the following information from the management to in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- a. Nature of transaction i.e. details of goods or property to be acquired/ transferred or services to be rendered/ availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transactions;
- b. Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction including value and quantum;
- c. Key covenants (non-commercial) as per the draft of the proposed agreement/ contract to be entered into for such transaction;
- d. Special terms covered/ to be covered in separate letters or undertakings or any other special or sub arrangement forming a part of a composite transaction;
- e. Benchmarking information that may have a bearing on the arm's length basis analysis:
 - (i) market analysis, research report, industry trends, business strategies, financial forecasts etc.;
 - (ii) third party comparables, valuation reports, price publications including stock exchange quotations;
 - (iii) management assessment of pricing terms and business justification for the proposed transaction;
 - (iv) comparative analysis, if any, of other such transaction entered into by the Company.

5.1.2. Board of Directors:

As per the provisions of Section 188 of the Act, all kinds of related party transaction specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are to be placed before the Board. In addition to the above, the following kinds of transactions with related party are also to be placed before the Board for its approval:

- a. Transactions which may be in ordinary course of business and at arm's length basis, but which are, as per the policy of the Board as determined from time to time require the approval of the Board in addition to the approval of the Audit Committee;

- b. Transactions which the Audit Committee are unable to determine are in the ordinary course of business and/or at arm's length and decides to refer the same to the Board for its approval;
- c. Transactions which are in the ordinary course of business and at are arm's length, but which in the opinion of the Audit Committee, requires the approval of the Board; and
- d. Material Related Party Transactions are intended to be placed before the shareholders for approval.

5.1.3. Approval of the Shareholders of the Company:

All Material Related Party Transactions are placed before the shareholders for approval.

All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or not at arm's length basis; and (b) exceed the thresholds laid down in the Companies (Meetings of the Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

5.2. Standards for Review and Approval of Related Party Transaction:

A Related Party Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee Board or the Shareholders, as the case may be, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- (a) the Related Party's interest in the Related Party Transaction;
- (b) the approximate amount involved in the Related Party Transaction;
- (c) the approximate amount of the Related Party's interest in the transaction without regard to the amount of any profit or loss;
- (d) Whether the Related Party Transaction was undertaken in the ordinary course of business of the Company;
- (e) Whether the transaction with the Related Party is proposed to be, or was, entered on an Arms' Length Basis;

- (f) the purpose of, and the potential benefits to the Company from the Related Party Transaction;
- (g) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transaction, if any;
- (h) Whether the Related Party Transaction includes any potential reputational risk issues that may arise as a result of or in connection with the Related Party Transaction.
- (i) Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee director;
- (j) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;
- (k) Whether the Related Party Transaction would present an improper conflict of interest, as per provisions of law, for any director or Key Managerial Personnel, taking into account the size of the transaction, the overall financial position of the Related Party, the director or indirect nature of the Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee/Board deems relevant.
- (l) Required public disclosure, if any; and
- (m) Any other information regarding the Related Party Transaction or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ shareholders, as applicable in light of the circumstances of the particular transaction.

The Audit Committee/Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee/Board, as applicable, may approve/ratify/ recommend to the shareholders, the Related Party Transaction only if the Audit Committee/ Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee/ Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

6. Determination of Ordinary Course of Business:

“In the Ordinary Course of Business” means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, in the normal routine in managing trade or business and is not a standalone transaction. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determination what is in the ordinary course business.

7. Determination of Arms’ Length Nature of The Related Party Transaction:

7.1.1.Price Determination:

At the time of determination of arms’ length nature of price charged for the Related Party Transaction, the Audit Committee shall take into consideration the following:

- (i) Permissible methods of arms’ length pricing as per Applicable Law including such prices where the benefits of safe harbour is available under Applicable Law.
- (ii) For the said purposes the Audit Committee shall be entitled to rely on professional opinion in this regard.

7.1.2.Underwriting and Screening of arms’ length Related Party Transaction:

- (i) A Related Party with whom the Related Party Transaction is undertaken must have been selected using the same screening /selection criteria/ underwriting standards and procedures as may be applicable in case of an unaffiliated party.
- (ii) The Chief Financial Officer shall produce evidence to the satisfaction of the Audit Committee for having applied the said procedure.

8. Identification of Potential Related Party Transactions:

- (a) Each director and Key Managerial Personnel are responsible for providing written notice to the Audit Committee of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

- (b) Every director/ Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- (c) Where any director/ Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of Board held after he becomes so concerned or interested.
- (d) A contract or arrangement entered into by the Company without disclosure or with participation by a Director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- (e) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.

9. General Principles:

- (a) It shall be the responsibility of the Board to monitor and manage potential conflicts of interest of management, board members and shareholders, including abuse in Related Party Transactions.
- (b) The Independent Directors of the Company shall pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company.
- (c) The Audit Committee shall have the following powers with respect to Related Party Transactions: (i) to seek information from any employee; (ii) to obtain outside legal or other professional advice; (iii) to secure attendance of outsiders with relevant expertise, if it considers necessary; (iv) to investigate any Related Party Transaction.

10. Disclosures:

- (a) The Company is required to disclose Related Party Transactions in the Company's Board's Report to shareholders of the Company at the Annual General Meeting.
- (b) Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance with the Listing Agreement.
- (c) The Company is also required to disclose this Policy on its website and also in the Annual Report of the Company.
- (d) The Company shall keep one or more registers giving separately the particulars of all contracts or Arrangements with any related party.

11. Amendment in Law:

Any subsequent amendment/modification in the Listing Agreement and/or the applicable laws in this regard shall automatically apply to this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

ANNEXURE 1
NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL

To,
The Company Secretary/Compliance Officer
India Home Loan Limited
504/504A, Nirmal Ecstasy, Near JSD Road,
Mulund (W), Mumbai – 400 080.

Dear Sir,

I, _____, son/daughter/spouse of _____, resident of _____, holding _____ Equity Shares of Rs. 10/- each (_____ percent of the paid-up Capital) in the Company in my name, being a _____ in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed

The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation

Place:

Signature:

Date:

Name:

Designation:

**SCHEDULE
LIST OF RELATIVES**

No.	Relationship	Full Name	Address	Shareholding in _____ Limited
1	Spouse			
2	Father (including Step-Father)			
3	Mother (including Step-Mother)			
4	Son (including Step-son)			
5	Son's Wife			
6	Daughter			
7	Daughter's Husband			
8	Brother (Including Step-Brother)			
9	Sister (Including Step-Sister)			
10	Members of HUF			