GRIHUM
HOUSING FINANCE
Apna Ghar. Apni Pehchan.

# Policy on Materiality of Related Party Transactions as also dealing with Related Party Transactions

**Purpose:** This Policy has been framed as per the requirements of the Companies Act, 2013 ('Act'), Listing Regulations RBI Directions and the IRDAI Guidelines and is intended to ensure proper approval and reporting of the transactions between the Company and its Related Parties. This Policy also ensures adequate systems and procedures to address potential conflict of interest and compliance with the provisions of the Act, Listing Regulations, RBI Directions and the IRDAI Guidelines.

**Document Control:**

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| **Policy Name:** | Policy on Materiality of Related Party Transactions as also dealing with Related Party Transactions |
| **Code of Policy:** | Grihum/Secretarial/ RPT Policy/8.0 |
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| **Approved:** | Board of Directors |
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| **Latest Version No:** | 8.0 |
| **Governing Guidelines of the Policy** | The Companies Act, 2013 ('Act') read with the Rules framed thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025and the IRDAI Guidelines in respect of Conflict of Interest and Common Directorship among Intermediary or Insurance Intermediary dated 28 September 2022. |
| **Functional aspect checked by** | Company Secretary |
| **Reviewed by:** | Chief Compliance Officer |
| **External vetting, if any:** | Vinod Kothari & Co. & Rupal D Jhaveri, Company Secretaries |
| **Classification:** | Internal |
| **Reason for Change:** | To align the Policy with the IRDAI Guidelines on Conflict of Interest and Common Directorship among Intermediaries or Insurance Intermediaries dated 28 September 2022, certain additional definitions and relevant governance requirements prescribed by the IRDAI have been incorporated. |

**Table of Contents**

1. Effective Date
2. Scope and Purpose
3. Definitions
4. Policy Statement
   A. Procedure for approval and review of Related Party Transactions by Audit Committee
   B. Approval of Related Party Transactions by the Board
   C. Approval of Related Party Transactions by the Shareholders
   D. Grant of Omnibus Approval
   E. Review of the Related Party Transactions
   F. Ratification of the Related Party Transaction
   G. Standards for Review
   H. Determination of Ordinary Course of Business
   I. Determination of Arms' length nature of the Related Party Transaction
   J. Identification of Potential Related Party Transactions
   K. Disclosures
   L. Miscellaneous
   M. Compliance with the IRDAI Guidelines on Common Directorship
   N. Operational Framework
5. Review & Amendment
6. Change Control Record

   Annexure A

The Board of Directors (the "Board") of Grihum Housing Finance Limited (the "Company") had originally adopted this Policy on Related Party Transactions ("Policy") as required under Companies Act, 2013 ('the Act') and RBI Directions. Thereafter, the policy is updated as and when required to accommodate amendments introduced in the Applicable Law.

The requirements of this Policy are limited to the compliance with the Act, RBI Directions, IRDAI Guidelines and other applicable laws. Besides, the Company shall comply with the requirements given in the Credit Policy of the Company in addition to, and independent of the compliance with this Policy. This Policy and the approvals obtained hereunder shall not, in any way, override the requirements, including the limits set out in the Credit Policy of the Company.

Compliance with the RBI (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025 and the Credit Policy of the Company shall be in addition to, and not in derogation of the Act and this Policy.

**EFFECTIVE DATE**

This Policy is effective from the date of its adoption by the Board or such other date as may be prescribed by the Board. The Board may prescribe different effective date(s) for different provisions of this Policy.

**SCOPE AND PURPOSE**

The Companies Act, 2013 ('Act') read with the Rules framed thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 ('RBI Directions'), the IRDAI Guidelines and amendments thereto, contain detailed provisions on Related Party Transactions.

This Policy has been framed as per the requirements of the Act, Listing Regulations RBI Directions and the IRDAI Guidelines and is intended to ensure proper approval and reporting of the transactions between the Company and its Related Parties. This Policy also ensures adequate systems and procedures to address potential conflict of interest and compliance with the provisions of the Act, Listing Regulations RBI Directions and the IRDAI Guidelines

The Board recognizes that certain transactions present a heightened risk of conflict of interest or the perception thereof. Therefore, any dealings with a Related Party must be conducted in such a way that no preferential treatment is given and adequate disclosures and/or permissions are made/ sought as required under Applicable Laws and as per the applicable policies of the Company. Therefore, the Board has adopted this Policy to ensure that all Related Party Transactions are subject to this Policy and approval or ratification in accordance with Applicable Laws. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions.

**DEFINITIONS**

1. **"Act"** means Companies Act, 2013 including amendments, re-enactments, modifications, notifications, circulars and orders from time to time

2. **"Audit Committee or Committee"** means Committee of Board of Directors of the Company formed under section 177 of the Act and the RBI Directions.

3. **"Applicable Laws"** means the Act, the rules made thereunder and amendments thereto, Master Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 ("RBI Directions") and amendments thereto, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendment thereto ("Listing Regulations") to the extent applicable,the IRDAI Guidelines and other regulations , circulars and guidelines issued by IRDAI to the extent applicable to the Company, applicable accounting standards issued by the Institute of Chartered Accountant of India or any other legislative authority entrusted with the task of issuing such accounting standards and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions, as may be in effect from time to time.

4. **"Board"** shall mean the Board of Directors of the Company

5. **"Certificate of Registration"** means the certificate of registration granted by IRDAI to theCompany to act as a corporate agent in terms of the Insurance Act, 1938, read with theInsurance Regulatory and Development Authority of India (Registration of Corporate Agents)Regulations, 2015, as amended from time to time.

6. **"Common Director"** means a director of the Company who is, or is proposed to be, a director on the board of one or more other Intermediaries or Insurance Intermediaries.

7. **"Company"** shall mean Grihum Housing Finance Limited

8. **"Company Secretary"** means a Company Secretary as defined in clause (c) of sub section (1) of Section 2 of the Company Secretaries Act, 1980 duly appointed by the Company to perform various acts.

9. **"Compliance Officer"** means the Company Secretary of the Company or such Compliance Officer identified by the Board for the purpose of Listing Regulations, satisfying the eligibility criteria laid down under Regulation 6 of the Listing Regulations, as amended from time to time.

10. **"Connected Intermediary"** means an Insurance Intermediary, other than the Company, onwhose board a Common Director holds, or is proposed to hold, office as a director.

11. **"Control"** means control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time.

12. **"Holding company"** means a holding company as defined in sub-section (46) of section 2 of the Act.

13. **"Intermediary or Insurance Intermediary"** shall have the meaning assigned to the term"insurance intermediary" under Section 2 of the Insurance Regulatory and Development Authority Act, 1999, as amended from time to time.

14. **"IRDAI"** means the Insurance Regulatory and Development Authority of India established under the Insurance Regulatory and Development Authority Act, 1999.

15. **"IRDAI Guidelines"** means the Guidelines in respect of Conflict of Interest and Common Directorship among Intermediary or Insurance Intermediary issued by IRDAI vide reference no. IRDAI/INT/GDL/MISC/202/9/2022 dated 28 September 2022.

16. **"Key Managerial Personnel"** in relation to the Company means:
    I. the Chief Executive Officer or the Managing Director or the manager;
    II. the Company Secretary;
    III. Whole-time Director;
    IV. the Chief Financial Officer;
    V. the Compliance Officer under the Listing Regulations
    VI. 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
    VII. such other person as may be prescribed from time to time.

17. **"Listing Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by the Securities and Exchange Board of India including amendments thereof and the circulars and other notifications issued thereunder.

18. **"Material Modification"** of related party transaction will mean and include any modification to an existing related party transaction having variance in value of contract or transaction by 10% or more of the total value of such contract/ transaction as last approved by the Audit Committee / Board / Shareholders, as the case may be.

19. **"Material Related Party Transactions"** mean such Related Party Transaction(s) where:

    - the transaction to be entered into individually or taken together with previous Related Party transaction(s) during a financial year, exceeds the thresholds specificied in Schedule XII of the Listing Regulations.

    - 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 of the Company.

20. **"RBI Direction"** means Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 issued by Reserve Bank of India including any amendment thereof.

21. **"Relative(s)"** shall have the same meaning as assigned to it under Section 2(77) of the Act and the Rules made thereunder and the Listing Regulations.

22. **"Related Party"** means any person who is:

    i. a related party under Section 2(76) of the Act;
    ii. a related party under Regulation 2(1)(zb) of the Listing Regulations;
    iii. a related party under the applicable accounting standards; or
    iv. any other person or entity covered under Applicable Laws.

23. **"Related Party Transaction(s)"** means a transaction involving a transfer of resources, services or obligations between:
    a. the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
    b. the Company 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 Company or any of its subsidiaries;

    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.

    The transaction shall *inter-alia* include the following:

    i. purchases or sales of goods or materials (finished or unfinished);
    ii. purchases or sales of property of any kind;
    iii. rendering or receiving of services;
    iv. leasing of property of any kind;
    v. appointment of any agent for purchase or sale of goods, materials, services or properties;
    vi. appointment of such related party to any office or place of profit in the Company, or its subsidiary or associate company;
    vii. underwriting the subscription of any securities or derivatives thereof, of the company:
    viii. Such other transactions as per Applicable Law.

    Notwithstanding the foregoing, the following shall not be deemed to be a Related Party Transactions:

    i. The following corporate actions which are uniformly offered/ applicable to all shareholders in proportion to their shareholding –

        a. payment of dividend;
        b. subdivision or consolidation of securities;
        c. issuance of securities by way of a rights issue or a bonus issue; and
        d. buy-back of securities.

    ii. acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

iii. retail purchases from the Company or its subsidiary by its directors or KMPs of the Company or its subsidiary and their relatives, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, KMPs and relatives of directors and KMPs;

iv. Any other exception which is in consistency with the Applicable Laws, including any rules or regulations made thereunder.

All terms not defined herein shall take their meaning from the Applicable Laws.

**POLICY STATEMENT**

**A. Procedure for approval and review of Related Party Transactions by Audit Committee**

Compliance with regard to approval and review of Related Party Transactions pursuant to this Policy, shall be limited to the transactions which are entered into with a related party as defined in this Policy.

1. All Related Party Transactions and subsequent Material Modifications as proposed therein must be reported to the Company Secretary and shall be referred for prior approval by the Audit Committee, in accordance with this Policy including those transactions proposed to be entered in the ordinary course of its business and on arm's length basis.
   Provided that:
   (a) only those members of the Audit Committee, who are independent directors, shall approve related party transactions; and

   (b) a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee 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;

2. The approval of the Audit Committee shall not be required for payment of remuneration and sitting fees by the Company to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not a Material Related Party Transaction.
3. The approval of the Audit Committee shall not be required for transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.
4. The approval of the Audit Committee shall not be required for transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

5. The Company shall provide the following information, for review of the Audit Committee for approval of a proposed RPT:

(a) Type, material terms and particulars of the proposed transaction;
(b) Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
(c) Tenure of the proposed transaction (particular tenure shall be specified);
(d) Value of the proposed transaction;
(e) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction;
(f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
  (i) details of the source of funds in connection with the proposed transaction;
  (ii) where any financial indebtedness is incurred to make or give loans, inter corporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
(g) Justification as to why the RPT is in the interest of the Company;
(h) A copy of the valuation or other external party report, if any such report has been relied upon;
(i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis; and
(j) Any other information that may be relevant and/or required under applicable laws, as amended from time to time.

**B. Approval of Related Party Transactions by the Board**

1. Related Party Transactions that are not in the ordinary course of business but on arm's length basis cannot be entered into by the Company unless approved by Audit Committee. Where such Related Party Transactions fall under Section 188 (1) of the Act, the Audit Committee shall recommend the transaction for approval of the Board.

2. Related Party Transactions that are not on arm's length basis, irrespective of whether those are covered under Section 188 or not, should be placed by the Audit Committee, along with its recommendations, to the Board for appropriate action.

3. The Board of Directors shall provide its recommendation, along with rationale on Material Related Party Transactions that require approval of the shareholders, in the explanatory statement to be annexed to the notice calling meeting of shareholders.

4. Pursuant to the IRDAI Guidelines, all Related Party Transactions between the Company and a Connected Intermediary shall comply with the provisions of Section 188 of the Act and the applicable accounting standards, and shall be placed before the Board.

**C. Approval of Related Party Transactions by the Shareholders**

1. All Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Shareholders by resolution except those exempted under the Act and Listing Regulations and no related party shall vote to approve such resolutions.

   The following Related Party Transactions which are not in ordinary course of business and/ or arm's length basis or both, if exceeding the following threshold limits current specified under Section 188 of the Companies Act, 2013 and as may be amended from time to time, shall require approval of the Shareholders of the Company, in addition to the approval of the Board:

   (i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company;

   (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the Company;

   (iii) leasing of property any kind amounting to ten per cent or more of turnover of the Company;

   (iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company:

   Explanation - It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

   (v) appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees:

   (vi) payment of remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.

Explanation- (1) The turnover or net worth referred to above shall be computed on the basis of the audited financial statement of the preceding financial year.

(a) Shareholders' approval, as referred above, would not be required for transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and its wholly owned subsidiary; or
(b) two wholly owned subsidiaries of the Company,

Provided that accounts of such wholly owned subsidiaries referred in (a) and (b) above are consolidated

with the Company and placed before the Central Government or any State Government or any combination thereof on the general meeting for approval.

2. Information to be provided to shareholders for consideration of RPTs

The notice to be sent to the shareholders seeking approval for any proposed RPT shall include the following information as a part of the explanatory statement:

(a) A summary of the information provided by the management of the Company to the audit committee as specified in Para A(2) hereinabove;
(b) Justification for why the proposed transaction is in the interest of the Company;
(c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under Para A(2)(f) above;
(d) A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
(e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
(f) Any information required to be provided to the shareholders as per the requirements of the Companies Act, 2013,
(g) Any other information that may be relevant and/or required under applicable laws, as amended from time to time.

**D. Grant of Omnibus Approval**

1. For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to certain Transactions based on the following criteria:

   a. Frequency of the transactions in the last 2 years;
   b. Value of transaction undertaken with an associate, Holding or Subsidiary Companies, for every financial year shall not exceed Rs. 25 Crores and with Company other than associate, Holding and subsidiary Companies shall not exceed Rs. 1 Crore.
   c. Extent and manner of disclosures that can be made to the Audit Committee at the time of seeking omnibus approval;
      i. All the transaction placed for omnibus approval shall be in the ordinary course of business;
      ii. All the transaction shall be at Arms' length basis;
      iii. Projected growth rate in the business with the Related Party in the financial year for which omnibus approval is sought;
      iv. Contractual terms offered by/to third parties for similar transactions;
      v. Contractual terms with such Related Parties, for instance, floor and cap on the pricing, credit terms, escalation in costs, quality checks etc.

However, the Company may take Omnibus approval for continuing Related Party Transactions based on the decision of the Audit Committee or Board, as the case may be, from time to time.

Provided that, the Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:-

(a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus 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 omnibus 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 omnibus approval made.
(e) transactions which cannot be subject to the omnibus approval by the Audit Committee.

2. Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the best interest of the Company. Where the Audit Committee is not convinced on the need for granting omnibus approvals, the Audit Committee may reject the proposal placed before it with reasonable explanation for the same.

3. Notwithstanding the generality of foregoing, Audit Committee shall not grant omnibus approval for following transactions:

   d. Transactions which are not in ordinary course of business or not on arm's length basis;
   e. Transactions in respect of selling or disposing of the undertaking of the Company;
   f. Transactions which are not in the interest of the Company;
   g. Such other transactions specified under Applicable Law from time to time.

4. The Omnibus Approval shall specify the following:
   i. the name/s of the related party;
   ii. nature of transaction;
   iii. period of transaction;
   iv. maximum amount of transaction in aggregate and per transaction that can be entered into with Related Party;
   v. the indicative base price / current contracted price;
   vi. the formula for deviation in the price, if any;
   vii. such other conditions/ information as the Audit Committee may deem fit;
   viii. such details/ information as is required to be placed before the Audit Committee as required under the Applicable Laws.

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

7. Further any such approvals shall be valid for one financial year only and shall require fresh approval of after the expiry of the one financial year.

8. Transactions between holding company and its wholly owned subsidiary will be governed by criteria above unless exempt under the Applicable Laws.

**E. Review of the Related Party Transactions**

1. All Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made shall be reviewed by the Audit Committee on quarterly basis.

2. The Audit Committee shall also review the status of long - term (more than one year) or recurring RPTs on an annual basis.

3. The Audit Committee will undertake quarterly evaluation of all Related Party Transactions. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.

4. If a Related Party Transaction is of ongoing nature, the Board / Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. The Audit Committee of the Board, on at least an annual basis, shall review and assess on-going relationships with such Related Party to ensure that they are in compliance with the Applicable Laws and this Policy and that the Related Party Transaction remains appropriate.

5. If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Laws, the same shall be put up for approval by the shareholders of the Company. The Board shall ensure that in accordance with Applicable Laws, Related Parties shall not vote in favour of any such resolution put to vote by the shareholders of the Company, irrespective of whether the said Related Party is a party to the said Related Party Transaction which is being put to vote.

**F. Ratification of the Related Party Transaction**

1. Where, owing to exigencies, Related Party Transactions have been entered into without being placed for approval by the Audit Committee, reasoned explanation for the same must be provided to the satisfaction of the Audit Committee. The Audit Committee may ratify such transactions or may put forth the transactions before the Board along with its recommendations within 3 months from the date of entering into such transaction, and the Board may either ratify such transactions or seek to avoid the same. The Audit Committee's recommendations may also include appropriate measures authorising such transactions without approval of the Audit Committee.

2. If the Company has entered into a Related Party Transaction without the approval of the Board / general meeting, as may be required, then the said Related Party Transaction shall be ratified at the Board meeting / general meeting, within 3 months of entering in the Related Party Transaction, at the discretion of the Board/ Shareholders as the case may be.

3. In case any transaction involving any amount not exceeding Rs. 1 crore is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within 3 (three) months from the date of the transaction, such

transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the Company against any loss incurred by it:

Provided that the above provisions shall not apply to a transaction, other than a transaction referred to in section 188 of the Act, between a holding company and its wholly owned subsidiary company.

4. The ratification by the Audit Committee shall be subject to following conditions:
   a. Only the members of the audit committee, who are independent directors, may ratify related party transactions;
   b. Ratification shall be done within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier;
   c. The value of the ratified transaction(s) with a Related Party, whether entered into individually or taken together, during a financial year shall not exceed Rs. 1 crore;
   d. The said transaction does not fall under the category of Material Related Party Transactions under this Policy;
   e. Rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
   f. The details of ratification shall be disclosed along with the disclosures of related party transactions to the stock exchange(s) in the format as specified by SEBI from time to time and publish the same on the website of the Company.

5. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting, as the case may be and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 3 (three) months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.
6. In any case where either the Audit Committee/Board/General Meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as the case may be, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

**G. Standards for Review**

A Related Party Transaction reviewed under this Policy will be considered, approved or ratified if it is authorized by the Audit Committee / Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the 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.

**H. Determination of Ordinary Course of Business**

The transactions which are incurred by the Company in carrying the main object of the Company shall be treated as transaction in the Ordinary Course of business. For determining "Ordinary Course of Business", the Company shall consider all 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, which, are done on a routine basis and are not standalone transaction(s). The Company would take into account the frequency of such activity and its continuity, in a normal organised manner, while determining what is in the ordinary course of business. Further, the transaction should not be:

A. any exceptional or extra-ordinary activity as per applicable accounting standards or financial reporting requirements.
B. any sale or disposal of any undertaking of the Company, as defined in explanation (i) to clause (a) of sub-section (1) of section 180 of the Act.

In order to decide whether or not a contract or arrangement is being entered by the Company in its ordinary course of business, the Company shall consider whether the contract/arrangement is germane to attainment of main objects as set out in the Memorandum of Association.

**I. Determination of Arms' length nature of the Related Party Transaction**

a. Price Determination

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

i. The contracts/ arrangements are entered into with Related Parties, are at such prices/ discounts/ premiums and on such terms which are offered to unrelated parties of similar category/ profile.

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

b. Underwriting and Screening of arms' length of Related Party Transaction

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 unrelated party.

c. Further, in order to determine the optimum arm's length price, the Company may also apply the most appropriate method from any of the following methods as prescribed under Section 92C(1) of the Income Tax Act, 1961 read with Rule10B of the Income Tax Rules, 1962 –

a. Comparable Uncontrolled Price method (CUP method)
b. Resale Price Method
c. Cost Plus Method
d. Profit Split Method
e. Transactional Net Margin Method
f. Other Method as prescribed by the Central Board of Direct Taxes

d. Such other criteria as may be issued under Applicable Laws.

**J. Identification of Potential Related Party Transactions**

a. The Company Secretary shall:

i. Identify and keep on record the Related Parties of the Company, along with their personal/company details.
ii. Update the record of Related Parties whenever necessary and shall be reviewed at least once a year, as on 1st April every year.
iii. Identify and keep on record the Common Directors and the Connected Intermediaries, in accordance with the IRDAI Guidelines.

b. Every Director/ Key Managerial Personnel of the Company or any of their relatives should not derive any undue personal benefit or advantage by virtue of their position or relationship with the Company.

c. Each Director/Key Managerial Personnel is responsible for providing written notice to the Company through the Company Secretary at the time of appointment and till such period he/she is associated with the Company of any potential Related Party Transaction involving him or her or his or her relatives, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary in consultation with other members of management and with the members of the Audit Committee, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

d. 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.

e. 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 the Board held after he becomes so concerned or interested.

f. 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 Board or of the shareholders, as the case may be and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

g. In addition, each Director/Key Managerial Personnel is required to file a disclosure statement in connection with the disclosures about their Relatives.

**K. Disclosures**

a. The Company shall disclose Related Party Transactions in the Financial Statements and Annual Report of the Company in accordance with the Act, Listing Regulations, accounting standards, the RBI Directions, SBR and other applicable laws.

b. The Company shall submit to the stock exchanges on the date of publication of its financial results for the half year, disclosures of Related Party Transactions, in the format specified by the Securities and Exchange Board of India ("SEBI") from time to time only upon Company becoming the High Value Debt Listed Entity under the listing regulations and publish the same on its website.

c. The Company shall disclose to the Stock Exchange along with the compliance report on corporate governance on a quarterly basis detail of all Material Related Party Transactions only upon Company becoming the High Value Debt Listed Entity under listing regulations.

d. The Company shall also disclose the Policy on the website of the Company and in the Annual Report of the Company.

e. The Company shall keep one or more registers as specified under Applicable Laws giving separately the particulars of all contracts or arrangements with any Related Party.

f. The Company shall notify and make submissions to IRDAI, in accordance with the IRDAI Guidelines, including intimation of the appointment of any Common Director, submission of undertaking together with a copy of this Policy, and the certificate of the statutory auditor on compliance with Section 188 of the Act.

**L. Miscellaneous**

1. In determining whether to approve or ratify a Related Party Transaction, the Committee / Board, as the case may be, shall take into account among other factors it deems appropriate, whether the Related Party Transaction is in the ordinary course of business of the Company and on arm's length basis and the Related Party's interest in the transaction. For this purpose, the Audit Committee / Board, as the case may be, are entitled to seek the assistance of any employee of the Company or one or more independent experts of its choice at the expense of the Company.

2. No Director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, and the Director/Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee/Board.
   Members of the Company who are Related Parties shall not vote to approve the resolution in respect of approval or Material Modification of Material Related Party Transactions irrespective of whether the Member is a party to the particular transaction or not.

3. Audit Committee/Board may review any Related Party Transactions involving Independent Directors as part of the annual determination of their independence.

4. Management team shall formulate a defined procedure for identification/ monitoring/ approval of Related Party Transaction.

5. Nothing in this Policy shall override any provisions of Applicable Laws made in respect of any matter stated in this Policy.

**M. Compliance with the IRDAI Guidelines**

1. Applicability: This Paragraph shall apply to the Company for so long as the Company holds a Certificate of Registration and any of its directors is, or is proposed to be, a Common Director.

2. Non-executive role: A Common Director shall not hold the position of Key Managerial Personnel, Chief Executive Officer, Principal Officer or Whole-time Director in more than one Intermediary or Insurance Intermediary.

3. Remuneration: Remuneration, sitting fees and other compensation, if any, payable by the Company to a Common Director shall be in accordance with the provisions of the Act and the Nomination and Remuneration Policy of the Company.

4. Disclosure of interest: Every Common Director shall disclose his or her concern or interest, including that of his or her relatives, in accordance with Section 184 of the Act. Such disclosures shall be placed before the Board and recorded in the registers maintained by the Company under the Act.

5. Abstention: A Common Director shall not participate in the discussion of, and shall abstain from voting on, any item at a meeting of the Board or any committee of the Board which is in relation to a contract or arrangement proposed to be entered into between the Company and any Connected Intermediary.

6. Related Party Transactions with Connected Intermediaries: All Related Party Transactions between the Company and a Connected Intermediary shall:

a) comply with the provisions of Section 188 of the Act and the applicable accounting standards on related party disclosures;
b) be subject to the prior approval of the Audit Committee in accordance with this Policy; and
c) be placed before the Board for approval in accordance with Section 188 of the Act and / or this Policy.

7. Statutory auditor's certificate: The statutory auditor of the Company shall certify compliance with the requirements of Section 188 of the Act in each financial year, and the Company shall submit such certificate to IRDAI by 30 September of the immediately succeeding financial year.

8. Avoidance of conflict of interest: The Company shall ensure that conflict of interest situations arising out of common directorship are avoided at all times.

**N. Operational Framework**

The Company shall follow the operational framework for related party transactions annexed as **Annexure A.**

**REVIEW & AMENDMENTS**

This Policy shall be reviewed and assessed periodically, being at least once every three years and updated accordingly.

**CHANGE CONTROL RECORD**

| Version No. | Change Request by | Memorandum of Change | Approval date |
|---|---|---|---|
| 1.0 | Secretarial | Adoption of new Policy | 03.05.2017 |
| 2.0 | Secretarial | To align with the internal business requirement | 30.10.2020 |
| - | - | Change of name of the Company to Poonawalla Housing Finance Limited w.e.f. 22.07.2021 | - |
| 3.0 | Secretarial | Annual Review | 31.01.2022 |
| 4.0 | Secretarial | To align with the Listing Regulations | - |
| - | - | Change of name of the Company to Grihum Housing Finance Limited w.e.f. 17.11.2023 | - |
| 5.0 | Secretarial | To align with the Business Requirements | 05.08.2024 |
| 6.0 | Secretarial | To align with the Regulatory Requirements | 22.01.2025 |
| 7.0 | Secretarial | To align with the Regulatory Requirements | 14.05.2026 |
| 8.0 | Secretarial | To align with the IRDAI Guidelines in respect of Conflict of Interest and Common Directorship among Intermediary or Insurance Intermediary dated September 28, 2022 | 03.11.2026 |

**ANNEXURE A**

**OPERATIONAL FRAMEWORK FOR RELATED PARTY TRANSACTIONS:**

The RPT would be identified in the following manner:

**(1) Identification of Related Parties**:

The Company shall identify Related Parties as defined under this Policy with respect to the given specific transactions. The list of Related Parties needs to be updated once in a year, on 1st April every year, and during the year, on the basis of the specific events bringing change to the list of related parties. The list of Related Parties maintained by the Company should include Related Parties of its subsidiary companies as received from the concerned officer of such Subsidiary Company.

The Compliance officer should at all times ensure:

The list of Related Parties should be updated by Secretarial Department of the Company and respective departments of its subsidiaries, upon receipt of disclosures from the Directors and Key Managerial Personnel of the Company. The list would be circulated with accounts and other concerned department.

Prior to entering into any transaction, whatsoever, the Business/ Functional Heads shall refer to the latest Related Party list circulated by the Secretarial team to assess whether the party with whom the transaction is proposed to be entered is a Related Party.

If the party is not a Related Party, then they shall be required to follow the normal business protocol for executing such transactions. However, if the party is identified as a Related Party, the Business/ Functional Heads would need to ensure that the RPT is being entered in accordance with the framework for RPT and seek a prior approval of the Audit Committee for undertaking such RPT in accordance with this Policy.

**(2) Identification of Transactions:**

Every transaction with Related Parties shall be screened through the transactions mentioned under section 188(1) of the Act and Listing Regulations. If any transaction qualifies, approval of the Board of Directors shall be required for transactions other than for those entered in ordinary course of business and on arm's length basis.

If the said transaction also qualifies to be a Material Related Party Transaction as defined under this Policy, prior approval of the members shall be required before entering into the transaction.

**(3) Parameters of applicability of Ordinary Course of Business and transaction pricing at Arm's Length:**

a. The Company generally undertakes transactions with Related Parties in its ordinary course of business and at arms' length basis and such transaction do not require prior approval of the Board of Directors under the purview of Section 188 of Act. However, such transactions need to be approved by the Audit Committee.

**b. The parameters for Arm's length nature be gauged based on any one or more of the following criteria:**

The illustrative test for determining pricing shall be as follows:

i. Price charged by the Company to Unrelated Parties
ii. Obtaining two or three quotes from Unrelated Parties for similar transactions, subject to the availability of the same.
iii. Independent Valuations
iv. Market Price if readily available and if the market exists for the same
v. Commercially negotiated contract

The terms of contract/arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods/services for similar category of counterparties. Also, the Company as and when required, shall seek professional advice for determination of arm's length basis. The rest of the considerations for determining the arm's length nature of any related party transaction will be in accordance with Clause D of the Policy.

**c. Arm's Length criteria/process to be observed:**

i. In order to ensure compliance with the principle of arms' length nature in terms of section 188 of the Act, originator of such transactions shall provide comparative analysis of the similar transaction with an unrelated party.
ii. The responsibility of ensuring that the transactions with Related Party are undertaken at arm's length basis rests with the Head of the respective Department originating the transaction. Any transactions with the Related Parties shall primarily be reviewed by the following:

(1) Chief Financial Officer
(2) Company Secretary,
(3) Compliance Officer (RBI/NHB)
(4) Head of the respective Department (Originator)
(5) and such other person as may deem appropriate in the given situation/transaction having relevant expertise and experience to assess the RPT.

The Audit Committee shall consider all relevant facts and circumstances regarding the RPT and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT.

**Approval Matrix**
The Reviewers shall review the proposed RPT within the parameters defined herein and accordingly shall advise the course of action for the proposed RPT:

| Sr. No. | Particulars | Details |
|---|---|---|
| (1) | **Originator's Responsibilities** | Originators seeking approval of RPT shall provide:<br><br>(a) Name/s of the Related Party(ies) and the nature of the relationship<br><br>(b) Provide the justification for entering into the RPT (Commercial/ Ordinary Course of Business and Arm's Length)<br>(c) The terms and conditions and other details of the proposed RPT<br><br>The information should be received well in advance from the respective parties so as to allow reviewers adequate time to obtain and review information about the proposed transaction. |
| (2) | **RPT Evaluation by the Reviewers** | With respect to each transaction sent for approval; Reviewers shall comment and confirm the following:<br><br>- Whether the proposed transaction is an RPT within the meaning of RPT as per Applicable Law<br><br>- Justification for the intended RPT (Commercial/ Ordinary Course of Business and the sufficiency of the documentation for Arm's Length)<br><br>- Whether the transaction is covered under the omnibus approval given by the Audit Committee for the financial year<br><br>In assessing a Related Party Transaction, the Reviewers shall consider such factors as it deems appropriate including but not limited to the following:<br><br>(i) the business reasons for the Company to enter into the Related party transaction;<br><br>(ii) the commercial reasonableness of the terms of Related Party Transaction;<br><br>(iii) materiality of the Related Party Transaction to the Company;<br><br>(iv) whether the terms of Related Party Transaction, including pricing, are fair to the Company and on the same basis as would apply if the transactions did not involve a Related Party<br><br>(v) the extent of Related Party's interest in the Related Party Transaction<br><br>(vi) the actual or apparent conflict of interest of related party participating in the related party transaction and<br>(vii) regulatory guidelines, if any. |

| Sr. No. | Particulars | Details |
|---|---|---|
| | | In case where it is assessed that the transaction does not meet the criteria of Ordinary Course of Business or Arms' Length Price, such transaction shall be referred for the approval of the Board of Directors or Shareholder, as the case may be, in terms of Section 188 of the Act. All RPTs shall require prior approval of Audit Committee. |
| (3) | **Approval of the RPTs** | Pursuant to the review of the RPT and its documentary substantiation, the Reviewer may take the following actions:<br><br>(a) Recommend the RPT for approval of Audit Committee.<br><br>(b) Recommend the RPT for approval of Board of Directors or Shareholders, as may be applicable. In such case, recommendations of the Audit Committee is also required to be placed before the Board.<br><br>In case the transactions specified under Applicable Law are proposed to be entered with the holding Company, the resolution passed by the holding company shall be sufficient for the purpose of entering into the RPT between the Holding Company and the Company. The Company will not be required to pass a resolution separately. |
| **(4)** | **Arm's Length Report** | Arm's length Report on transactions with Related Parties as and when applicable shall be obtained and placed before the Audit Committee as per the applicable provisions of the Companies Act, 2013; SEBI LODR and any other applicable law. |

**Threshold of Section 188 of the Companies Act, 2013**

| Sr. No. | Transactions | Threshold Limits |
|---|---|---|
| a | Sale, Purchase or Supply of goods/materials directly or through appointment of agent | 10% or more of the turnover |
| b | Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent | 10% or more of the net worth |
| c | Leasing of property of any kind | 10%or more of the turnover |
| d | Availing or rendering of any services directly or through appointment of agents | 10% or more of the turnover |
| e | Relates to appointment to any office or place of profit in the company, its subsidiary company or associate Company | Monthly remuneration exceeding Rs. 2.5 lakhs |
| f | The remuneration for underwriting the subscription of any securities or derivatives thereof of the company | 1% of the Net worth |

***Note:*** *The turnover or net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year.*