



## HINDUJA HOUSING FINANCE

### DOCUMENT SUMMARY

<b>Document Title</b>	<b>RELATED PARTY TRANSACTIONS POLICY</b>
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<b>Document Owner</b>	Finance and Secretarial
<b>Approval</b>	Board of Directors
<b>Other applicable regulations / policies</b>	<ul style="list-style-type: none"><li>• <i>Master Direction – Reserve Bank of India (Housing Finance Companies) Directions, 2025 RBI/DOR/2025-26/365 DoR.FIN.REC.284/ 03-10-119/2025-26</i></li><li>• <i>Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) –Directions, 2025 RBI/DOR/ 2025-26/350DOR.CRE.REC. No.269/07-02-008/2025-26</i></li><li>• <i>Companies Act, 2013</i></li><li>• <i>Indian Accounting Standards on Related Party Disclosures (IND AS 24)</i></li></ul>
<b>Annexures / Supporting Documents</b>	N/A

### VERSION CONTROL:

<b>Version no</b>	<b>Particulars</b>	<b>Approval &amp; Effective date</b>
1.0	New policy	18 <sup>th</sup> July 2016
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## 1. INTRODUCTION

Hinduja Housing Finance Limited (the “Company/HHF”) is committed to upholding the highest standards of professional and ethical conduct in fulfilling its responsibilities and recognizes that related party transactions can present potential or actual conflicts of interest of Directors, Key Managerial Personnel, Senior Management, etc. with the interest of the Company.

In order to ensure that the transactions entered into with related parties (as defined below) are in the best interests of the Company and the shareholders, the Board of Directors of the Company adopts this policy regarding review and approval of Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules made there under and any subsequent amendments thereto (“Companies Act”), read along with Indian Accounting Standards on Related Party Disclosures (IND AS 24), as notified by the Companies (Indian Accounting Standards) Rules, 2015 as may be applicable in order to ensure the transparency and procedural fairness of such transactions and to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

## 2. OBJECTIVES AND SCOPE

The Policy is aimed at setting out a governance framework for handling related party transactions of the Company in accordance with the Applicable Law. Related party transactions can sometimes present a potential or actual conflict of interest for the Company and therefore, the Company is required to procure necessary approvals before undertaking any such transactions and make relevant disclosures as prescribed under Applicable Law. This Policy, therefore, is intended to serve as a guidance document for all stakeholders in order to identify and benchmark transactions between the Company and its related parties and deal with such transactions in compliance with Applicable Law. Accordingly, related party transactions may be entered into by the Company only in accordance with this Policy, as amended from time to time.

The Scope of the Related Party Transaction covers below:

- Related Party Transactions carried out in the ordinary course of business and at arm’s length price.
- Related Party Transactions to be entered into by the Company, except in accordance with the provisions of this RPT Policy.

### Part – A

## 3. DEFINITIONS

**Applicable Law**’ means the Companies Act, 2013, the rules made thereunder and such other secretarial and accounting standards as may be applicable including any statutory modifications or re-enactment thereof.



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**“Arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm’s Length Basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961 and Section 188 (1) of the Companies Act.

**“Audit Committee”** means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and Companies Act, from time to time.

**‘Board of Directors’** means the collective body of the Directors of the company.

**“Director”** means a person as defined in Section 2(34) of the Companies Act, 2013.

**“Employees** mean the employees and office-bearers of the Company, including but not limited to Whole-Time Directors.

**“Key Managerial Personnel”** or **“KMP”** the officers of the Company as defined in Section 2(51) of the Act and Rules prescribed thereunder.

**‘Ordinary Course of Business’** means: -

- a) all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the Ordinary Course Business.
- b) On occasions, the nature of the business carried out and industry practice in accordance with well settled customs and usages would help determining whether an activity is in the ‘ordinary course of business’ or not.
- c) Activities in the ordinary course of business are likely to have a well-established precedence in the company history. If an activity is being conducted for the first time, it is likely not part of the ordinary course of business.
- d) Regular and frequently occurring activities will typically be considered to be unremarkable and in the ordinary course of business. Transactions which are infrequent and occur only once in a while are not to be classified as ‘ordinary’. We are assuming periodicity to be once every 18 months.
- e) Activities where the quantum of transactions are consistent with past history
- f) the following activities will generally not be considered as part of the ordinary course of business:
  - (i) Corporate Restructurings and Schemes of Arrangement between related entities
  - (ii) Slump Sales or Hive-Offs to related entities
  - (iii) Purchase of securities of related entities (other than for pure investment companies)
  - (iv) Royalty fees paid or received from related entities
  - (v) Providing capital support to group entities (other than wholly-owned subsidiaries)



**Related Party** "Related Party" means an individual, entity, firm, body corporate or person as defined in Section 2(76) of the Act and applicable accounting / secretarial standards.

**'Related Party Transactions'**

includes transactions as specified in Section 188 of the Companies Act, 2013 and rules prescribed thereunder.

Following transactions shall not require separate approval under this Policy:

- Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the statutory laws stated herein this policy in connection with his or her duties to the Company or any of its Subsidiaries or Associates, including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business;
- Indemnification and advancement of expenses made pursuant to any agreement or by-laws of the Company;
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;
- Any transaction which is in the Ordinary Course of Business and on an Arm's Length Basis as determined in terms of this Policy;
- Any transaction entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;
- Payment of Dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, approved by the Board and carried out in accordance with the specific provisions of the Act.
- Contribution to Corporate Social Responsibility, subject to approval of Corporate Social Responsibility Committee and within the overall limits approved by the Board of the Company;
- Any other exception which is consistent with the Applicable Law, including any Rules or Regulations made thereunder, and must be approved in advance by the Audit Committee.

**Relatives**", as stated in Section 2(77) of the Companies Act and rules prescribed there under.

#### **4. RELATED PARTY TRANSACTIONS**

All related party transactions and material related party transactions of the Company shall be carried out in accordance with the norms specified under the Companies Act, 2013, the rules made thereunder.



The Company shall ensure that transactions with all related parties including subsidiaries, associate companies will be carried at Arm's Length basis.

## 5. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel of the HHF will be responsible for providing a disclosure containing information of respective related parties to the Company Secretary on semi-annual basis and of any change in the information provided:

- Names of his / her Relatives;
- Partnership firms in which he / she or his / her Relative is a partner;
- Private Companies in which he / she or his / her relative is a member or Director;
- Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- 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
- 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).

## 6. APPROVAL PROCESS

All Related Party Transactions and subsequent material modifications, if any, shall require prior approval of the Audit Committee, provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

### **Audit Committee Approval:**

The Audit Committee may grant omnibus approval for the proposed Related Party Transaction subject to the following conditions:

- a) The Audit Committee shall laydown the criteria for granting omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company
- c) Such omnibus approval shall specify the following:
  - Name(s) of the Related Party;
  - Nature of the transaction;
  - Period of transaction;
  - Maximum amount of transaction that can be entered into;



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- The indicative base price / current contracted price and the formula for variation in the price, if any, and;
  - Such other conditions as the Audit Committee may deem fit.
- d) In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction;
- 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 of the omnibus approval given;
- f) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

**Board of Directors and Shareholders' approval** is required in accordance with Section 188 of the Companies Act, 2013, the Board of Directors and Shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

- Board of Directors and Shareholders' approval in terms of Companies Act, 2013:
  - All Related Party Transactions which are either not on arm's length basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors.
  - Provided the transactions as prescribed below shall be further recommend by the Board of Directors for the approval of the Shareholders of the Company by way of Ordinary Resolution, as provided under Section 188 of the Companies Act, 2013 read with related rules issued thereunder.

S.No.	Transaction Covered	Transaction value
1	Sale, Purchase or supply of any goods or materials directly or through appointment of agents*	10% or more of Turnover
2	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents*	10% or more of Net worth
3	Leasing of property of any kind*	10% or more of Turnover
4	Availing or rendering of any services directly or through appointment of agents*	10% or more of Turnover



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5	Such related party' appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs. 2.5 lakhs
6	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company*	>1% of Net Worth

\*The limits shall apply for these transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The concerned related party (ies) which are related to that transaction shall not vote to approve such relevant resolution.

### 7. DISCLOSURE BY DIRECTORS/ KEY MANAGERIAL PERSONNEL/SENIOR MANAGEMENT

- Each Director, Key Managerial Personnel and Senior Management of the Company shall promptly disclose the Company / Chief Financial Officer / Company Secretary 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 of the Company shall reasonably request based on such disclosure.
- The Company Secretary, in consultation with other members of management and an independent counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances.
- Every Director or Key Managerial Personnel or Senior Management 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.
- Where any Director or Key Managerial Personnel or Senior Management, who is not so concerned or interested at the time of entering into such contract or arrangement, he/she shall, if he/she becomes concerned or interested after the contract or arrangement is entered into, disclose his/her concern or interest forthwith when he/she becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.
- A contract or arrangement entered into by the Company without disclosure or with participation by a Director or Key Managerial Personnel or Senior Management 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.



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- In addition, each Director or Key Managerial Personnel or Senior Management is required to make disclosures of the entities in which they or their Relatives are or are deemed to be interested, in the prescribed format under Applicable Law.
- Any Director or Key Managerial Personnel or Senior Management who has been convicted of the offence dealing with Related Party Transactions at any time during the last preceding five years shall be disqualified for appointment as Director / Key Managerial Personnel/Senior Management, as the case may be.

### **8. GUIDELINES ON DETERMINATION OF ARM'S LENGTH NATURE OF THE RELATED PARTY TRANSACTIONS**

As a matter of prudence, the following guidelines are issued:

- Any single transaction with Related Party be principally informed to the Audit Committee members indicating the salient features of the transaction and how the transaction is at "Arm's Length".
- At the time of determining the Arm's Length Basis of price charged for the Related Party Transaction, the Audit Committee shall inter- alia take into consideration the following:
  - i. Permissible methods of Arm's 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.

The Company relies on professionals and experts in the field of Company Law, Accounting and Taxation to review, certify and report on transactions, including those with Related Parties.

- The management of the Company should ensure periodically that all transactions with Related Parties be they on a single source basis or otherwise are on an "Arm's Length" basis.
- The company may from time to time undertake a benchmark study on pricing of the Related Party Transaction to satisfy itself it is at Arm Length Price.

### **9. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee.

Such transaction shall be placed before the Audit Committee and The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- (i) 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 rupees one crore;



- (ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- (iv) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.”

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

#### **10.1. Information to be placed before the Audit Committee**

The following information has to be placed before the audit committee for approval of a proposed Related Party Transaction:

- (a) Type, material terms and particulars of the proposed transaction
- (b) Name of the related party and its relationship with the listed entity 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 listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)
  - f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary
    - a) details of the source of funds in connection with the proposed transaction;
    - b) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:  
nature of indebtedness;
    - c) cost of funds; and
    - d) tenure;
    - e) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
    - f) 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 listed entity:
- 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
- j). Any other information that may be relevant

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

## 10.2. APPROVAL OF THE SHAREHOLDERS

Related Party Transactions referred under Section 188 of the Act that which are not in the ordinary course of business or at arm's length basis which exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 requires the approval of the shareholders.

For this purpose, no related party shall vote to approve the relevant resolution irrespective of whether the entity is a related party to the particular transaction or not

The notice that is sent to the shareholders seeking approval for any proposed Related Party Transaction shall contain the following information:

- (a) A summary of the information provided by the management of the listed entity to the audit committee as specified in point 9.1. above;
- (b). Justification for why the proposed transaction is in the interest of the listed entity;
- (c). Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 10.1. (f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/ NBFCs.)
- (d) A statement that the valuation or other external report, if any, relied upon by the listed entity 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 other information that may be relevant.

## 11. DISCLOSURES

- All related party transactions during the quarter shall be reported to the Audit Committee during its quarterly / annual meetings considering unaudited / audited financial statements of the Company.
- Disclosures are to be made in the Financial Statements of the Company in respect of transactions with related parties as envisaged under the Accounting Standard.
- The Company shall disclose this policy relating to Related Party Transactions on its website.



- The Annual Report of the Company shall also contain the disclosures on related parties as required under the Listing Regulations.
- Such other disclosures as may be required under the statutory laws referred in this policy.

## Part B

In addition to the provisions of the Companies Act, 2013 and the Rules made thereunder, the Company shall also comply with Reserve Bank of India (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025 on lending to related parties,

### 12. Definitions:

- Promoter' shall have the same meaning as assigned to it under Section 2(69) of the Companies Act, 2013.
- Related Party' with respect to a NBFC/HFC shall mean a related person, or any of the following entities:
  - Where a related person is a partner, manager, KMP, director or a promoter; or
  - Where a related person is a shareholder with more than ten per cent of paid-up equity share capital; or
  - Where a related person is having control, whether singly or jointly with another person; or
  - Where a related person controls more than twenty per cent of voting rights on account of ownership or through a voting agreement or through any other arrangement; or
  - Where a related person has the power to nominate a director to its Board; or
  - Which is accustomed to act on the advice, direction, or instruction of a related person; or
  - Where a related person is a guarantor or a surety; or
  - Where a related person is a trustee or an author or a beneficiary and where the entity is in the form of a private trust; or
  - Which is related to the related person as a subsidiary or a parent company or a holding company or an associate or a joint venture.

Provided that nothing sub-clause (e) above shall apply in cases where the authority to nominate a director arises exclusively from a lending or financing arrangement.

Provided further that nothing in sub-clause (f) above shall apply to the advice, directions or instructions given in a professional capacity.

- Related Person' with respect to a NBFC/HFC shall mean a person, and the relatives of such a person, where the person:
  1. is either a promoter, or a director, or a KMP of the NBFC; or



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2. owns more than five per cent of paid-up equity share capital of the NBFC or can, either singly or jointly, exercise more than five per cent of the voting rights of the NBFC on account of either ownership or voting agreement or through shareholders' agreement or through any other arrangement; or
3. can, through an agreement with the NBFC, nominate a director to its Board; or
4. is either singly or jointly, in control of the NBFC.

All other terms used in this policy and appearing in the Reserve Bank of India (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025 shall have the same meaning assigned to the said Directions.

### **13. Provisions in the Credit Policy**

1. The Board of Directors shall have the overall responsibility of ensuring that suitable mechanisms are put in place for implementation of the policy on lending to related parties by the NBFC.
2. The credit policy (hereinafter called the policy) of a NBFC, as required in terms of the extant directions, shall contain specific provisions relating to 'lending to related parties' in accordance with the provisions of these Directions. The policy shall prescribe, inter alia, additional safeguards to address the risks emanating from lending to related parties.
3. The policy shall also have specific provisions for lending to 'Specified employees' of the NBFC and their relatives.
4. Further, the policy shall, as a part of the whistleblowing mechanism, encourage employees to communicate confidentially and without the risk of reprisal, legitimate concerns about irregular, unethical, or questionable loans to related parties; and eliminate quid pro quo arrangements, if any.
5. The policy shall specify aggregate limits for loans towards related parties. Within this aggregate limit, there shall be sub-limits for loans to a single related party and a group of related parties. These limits shall be within the extant prudential exposure limits prescribed by the Reserve Bank.

### **14. Materiality Threshold**

Credit Facilities to related parties can be extended by an NBFC/HFC in terms of their credit policy and after following due process stated in Part A of this policy. However, such loans, including personal loans to directors or a KMP, shall be subject to a materiality threshold as per the credit policy, which shall not be higher than INR 5 crores for middle-layer NBFC/HFC or as may be increased or amended from time to time.

Materiality thresholds may vary for different categories of loans to related parties and borrowers subject to ceilings prescribed above.



All loans above the prescribed materiality threshold (in this Part B) shall be sanctioned by the Board of the NBFC/HFC.

#### **15. Recusal of Interested Parties**

Directors, KMP, or Specified employees shall recuse themselves from deliberations and decision on loan proposals, or contracts and arrangements, involving themselves or their related parties. Such recusal shall also extend to deliberations and decisions relating to any subsequent material changes to the terms of such loans, including onetime settlements, write-offs, waivers, enforcement of security, implementation of resolution plans, etc.

#### **16. Monitoring of Loans to Related Parties**

1. The Company shall put in place a suitable mechanism for maintaining and periodically updating the list of all the related persons, and the related parties thereof, as well as the loans sanctioned by the bank to such related persons and related parties.
2. Credit facilities sanctioned to 'specified employees' and their relatives shall be reported to the Board on an annual basis.
3. Periodic reviews shall be conducted at quarterly or shorter intervals by internal auditors to check, inter alia, whether guidelines and procedures in relation to loans to related parties are being adhered to or not.
4. Any deviation from the policy relating to lending to related parties and reasons therefor shall be reported to the Audit Committee of the Board.
5. Any product, entity or structure formed with the objective of circumventing these requirements through various means, such as reciprocal lending or quid pro quo arrangements, and identified as such by the auditors of the NBFC or by the supervisory authority and investigating agencies shall always be treated as lending to related party

### **Part C**

#### **17. POWER TO AMEND THE POLICY**

The Board of Directors reserves the power to review and amend this policy from time to time as and when necessary.

The board of directors at least once every three years shall review and updated accordingly.