

# **GIC HOUSING FINANCE LIMITED**

## **POLICY ON RELATED PARTY TRANSACTIONS**

Approved by Board of Directors on	6 <sup>th</sup> May, 2015
Last Reviewed/Amended on	17 <sup>th</sup> May, 2023

## 1. INTRODUCTION

The Board of Directors (the "Board") of GIC HOUSING FINANCE LIMITED (the "Company"), has adopted the following policy and procedures ("Policy") with regard to Related Party Transaction(s) (RPTs) as detailed below.

## 2. PURPOSE

This policy is framed as per the requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("SEBI LODR") and in terms of Section 188 of the Companies Act, 2013 and is intended to ensure proper approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

## 3. DEFINITIONS

**"ACT"** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

**"Arm's length transaction"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

**"Audit Committee or Committee"** means "Audit Committee" constituted by the Board of Directors of the Company under provisions of SEBI (LODR) Regulations, 2015 and Companies Act, 2013 as amended from time to time.

**"Associate Company"** means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation – For the purpose of this clause "significant influence" means control of at least twenty per cent of total share capital, or business decisions under an agreement.

**"Board of Directors" or "Board"** means the Board of Directors of the Company, as constituted from time to time.

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

**“Material Related Party Transaction”** in terms of SEBI (LODR) Regulations means a transaction to be entered into with a Related Party, individually or taken together with previous transactions during a financial year:

- In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual consolidated turnover of the Company as per its last audited financial statements;
- In case of any other transaction(s), if the amount [exceeds Rs. 1,000 crores ] or [ 10% (ten percent) of the annual consolidated turnover of the Company] as per its last audited financial statements, [whichever is lower].

**“Material Modification”** in terms of SEBI LODR means any modification(s) in the pricing, quantity or overall transaction value having a variance of 20% (twenty percent) or more, in the relevant previously approved related party transaction.

**“Policy”** means Related Party Transaction Policy.

**“Related Party”** means related party as defined under Section 2(76) of the Companies Act, 2013 and the rules framed thereunder or under the applicable accounting standards:

The following shall also be treated as the Related Party –

- a) all persons or entities forming part of promoter or promoter group irrespective of their shareholding;
- b) any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year:
  - i. to the extent of 20 % or more
  - ii. to the extent of 10% or more w.e.f. April 1, 2023.

**“Related Party Transaction or Transactions (“RPT)”** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged (specifically including transactions under Section 177 and Section 188 of the Act including rules thereof, as defined in applicable accounting standards and as defined in Regulation 2(1) (zc) of the Listing Regulations).

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

The RPT shall include transactions 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;

- 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 w.e.f. April 1, 2023.

#### **4. POLICY AND PROCEDURE**

##### **i. Policy**

All Related Party Transactions and subsequent modifications must be reported to the Audit Committee and referred by the Audit Committee to the Board for approval in accordance with this Policy. This Policy shall come into effect from 1<sup>st</sup> April, 2022.

##### **ii. Procedure**

###### **a) Identification of Related Party Transactions**

Every Director/KMP shall at the beginning of the financial year provide information by way of written notice (as per Annexure 1) to the company regarding his concern or interest in the entity with specific concern to parties which may be considered as related party with respect to the Company and shall also provide the list of relatives which are regarded as related party as per this policy.

Directors/KMP are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / KMP as well as based on the list of related parties of the Subsidiary Companies, in the manner prescribed in the Companies Act, 2013 and the rules thereunder and SEBI LODR as amended from time to time.

###### **b) Review and approval of RPTs**

###### **➤ Audit Committee**

Every Related Party Transaction and subsequent material modifications shall be subject to the prior approval of the Audit Committee at meeting. Further, only those members of the Audit Committee who are independent directors shall approve related party transactions.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company basis the criteria as given in rule 6A of Companies (Meeting of Board and its power) Rules, 2014 ("as amended") and subject to compliance of the following conditions-

1. The Related Party Transaction proposed to be entered into with the Company must be repetitive in nature and in ordinary course of business and at Arm's Length basis.
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
3. Such omnibus approval shall specify –
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any and
  - (iii) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transaction(s) subject to their value not exceeding Rs.1 crore per transaction.

4. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
5. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

Hence, prior approval of the Audit committee shall be required for –

- a. All RPTs and subsequent Material Modifications;
- b. RPTs where Company's subsidiary is a party but Company is not a party, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the consolidated turnover of the Company, as per the last audited financial statements of the Company:
- c. with effect from April 1, 2023, a related party transaction to which the Company's subsidiary is a party but the Company is not a party, 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 such subsidiary.

Provided that prior approval of the audit committee of the Company shall not be required for RPTs where a listed subsidiary of the Company is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

### **c) Approval of the Board and the Shareholders**

All Related Party Transactions which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company. Where any director is interested in any Related Party Transaction, such director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction.

Further, all related party transactions [which are not in the ordinary course of business or not at the arm's length price and are] exceeding threshold limits prescribed in the Companies Act, 2013 as per Annexure 2 shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and [all entities falling under the definition of Related Parties shall not vote to approve the relevant transaction, irrespective of whether the entity is a party to the particular transaction or not.]

All the Material Related Party Transactions and subsequent Material Modifications shall require prior approval of the Board and shareholders through Ordinary Resolution and no Related Party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided that prior approval of shareholders of the Company shall not be required for RPTs where listed subsidiary is a party but the Company is not a party, if regulation 23 and 15 (2) of SEBI LODR are applicable to such listed subsidiary.

Provided that the aforesaid requirements shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided that the Material Related Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the shareholders.

#### **d) Related Party Transactions not approved under this Policy**

If a Related Party Transaction is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Audit Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

An RPT involving amount not exceeding one crore rupees 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 three months from the date of the RPT, such transaction shall be voidable at the option of the Committee and if the transaction is with the Related Party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it.

#### **5. Disclosures -**

Details of all material transactions with Related Parties shall be disclosed as part of the Report on Corporate Governance, included in the Annual Report of the Company.

The Company shall submit enhanced disclosure of information related to RPTs to be provided to the stock exchanges every six months in the format specified by the SEBI with the following timelines:

- within 15 days from the date of publication of financials;
- simultaneously with the financials w.e.f. April 1, 2023.
- simultaneously with the financials, in case of high value debt listed securities.

and also publish the same on its website.

The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

#### **6. Policy Review**

This policy is framed based on the provisions of the Companies Act, 2013, and rules thereunder and the requirements of the SEBI LODR.

In case of any subsequent changes in the provisions of the Companies Act, 2013 and SEBI LODR or any other regulations ("the Regulations") which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations. Pursuant to SEBI LODR Regulations 2015, this policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

**Annexure-1**

**DETAILS OF RELATED PARTIES**

[As per Companies Act, 2013, IND-AS & SEBI (LODR) Regulations, 2015]

To,  
**The Board of Directors,**  
**GIC Housing Finance Ltd.,**  
 National Insurance Building, 6th Floor,  
 14, Jamshedji Tata Road, Churchgate,  
**Mumbai-400020**

Dear Sir,

**Sub.: Submission of details of Related Parties as per Companies Act, 2013; IND-AS & SEBI (LODR) Regulations, 2015.**

I, \_\_\_\_\_, son/daughter/Spouse of \_\_\_\_\_, resident of \_\_\_\_\_, being a Director/KMP in the Company hereby provide details of the related parties identified as per the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and IND-AS.

Sr. No.	Nature of Relation	Name of Relatives
<b>IMMEDIATE RELATIVES &amp; CLOSE RELATIVES</b>		
1	Spouse	
2	Father including Step Father	
3	Mother including Step Mother	
4	Son including Step Son(s)	
5	Sons' Wife	
6	Daughter(s)	
7	Daughters' Husband	
8	Siblings including Step Siblings	
9	All the Members of HUF where Director is – <ul style="list-style-type: none"> <li>• Karta or</li> <li>• Co-parcener</li> </ul>	



Sr. No.	Nature of Relation	Name of Relatives
10	Dependent of – 1. Director 2. His/her Spouse	
<b>FIRM / LLP</b>		
11	If Director is partner in any Firm /LLP –  1. Domestic Partner(s) of Director 2. Children(s) of Domestic Partner 3. Dependent(s) of Domestic Partner	
12	Firm / LLP where –  1. Director or his relatives OR 2. Domestic Partner of Director or his (i.e. Partners') Relative (if any) are –  <ul style="list-style-type: none"> <li>• Partner in such Firm/LLP &amp; holds more than 20% of Voting Power or;</li> <li>• Has Executive Power in Firm /LLP or;</li> <li>• Has Executive Powers in another entity which has more than 50% voting power in this Firm / LLP</li> </ul>	
<b>COMPANY / BODY CORPORATE</b>		
13	Private Company where Director or his immediate relative <b>is a Director</b>	
14	Private Company where Director or his immediate relative <b>is a Member (i.e. Shareholder)</b>	
15	Public Company where Director of the Company is a Director AND holds along with his relatives more than 2% of Paid up equity share capital of such public company.	

Sr. No.	Nature of Relation	Name of Relatives
16	List of Body Corporate <b>whose</b> Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a Director Except Professional Advises.	
17	List of Persons, <b>on whose</b> advice, directions or instructions a director is accustomed to act.  PROVIDED that it shall not applicable for advise/advise/Instruction given in professional capacity	

**Date :**  
**Place :**

**Signature :**  
**Name :**  
**DIN/PAN No. :**

**DETAILS OF RELATED PARTY TRANSACTIONS  
 BY DIRECTORS/KMP & THEIR RELATIVES WITH THE COMPANY**

To,  
**The Board of Directors,**  
**GIC Housing Finance Ltd.,**  
 National Insurance Building, 6th Floor,  
 14, Jamshedji Tata Road, Churchgate,  
**Mumbai-400020**

Dear Sir,

I, \_\_\_\_\_, son/daughter/Spouse of \_\_\_\_\_, resident of \_\_\_\_\_, being a Director/KMP of GIC Housing Finance Limited (The Company) hereby provide the following details of the transactions entered into by myself/by my relatives (as declared in Annexure 1) with the Company.

<b>Sr. No.</b>	<b>Particulars</b>	<b>Remarks</b>
1	The nature, duration of the contract and particulars of the contract or arrangement/ transactions by Related Parties with the Company.	
2	Material terms of the contract or arrangement including the value, if any.	
3	Whether arm's length transaction. (If not, please specify)	
4	Whether in the Ordinary Course of the Business of the Company.	
5	Any Other information relevant or important for the Board to take a decision on the proposed transaction.	

I also undertake to inform the company on time to time basis about any changes in the details submitted for related parties and Transaction related thereto. I also further confirm to provide the details of all potential Related Party Transactions, if any to the Audit Committee and Board well in advance for review & approval.

**Date :**  
**Place :**

**Signature :**  
**Name :**  
**DIN/PAN No. :**

## ANNEXURE 2

**Transactions that, require prior approval of Shareholders of the Company, as prescribed under rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/contracts/ arrangements as follows:**

Sr. No	Transactions as per Companies Act requiring approval of the Board by resolution as per section 188	Transactions as per The Companies (Meetings of Board and its Powers) Rules 2014 requiring approval by the company by resolution
<b>1</b>	Sale, purchase or supply of any goods or material, directly or through appointment of agent	amounting to 10% or more of the turnover of the company
<b>2</b>	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	amounting to 10% or more of net worth of the company
<b>3</b>	Leasing of property any kind	amounting to 10% or more of the turnover of the company
<b>4</b>	Availing or rendering of any services, directly or through appointment of agent	amounting to 10% or more of the turnover of the company
<b>5</b>	Appointment of any agent for above	amounting to 10% or more of the turnover of the company
<b>6</b>	Related Party Appointment to any office or any place of profit in Company / Subsidiary Co. / Associate Co.	where the remuneration exceeds two and a half lakh per month
<b>7</b>	Underwriting of securities or derivatives of the Company	when remuneration exceeds 1% of the net worth.