

RELATED PARTY TRANSACTIONS POLICY

DOCUMENT CONTROL & VERSION HISTORY

Policy Version	Policy Code	Board Approval / Effective Date	Nature of Change	Applicable Scope	Approved By
1.0	RPT-POL-01	19-Sep-2018	Initial Related Party Transactions	Applicable Branch	Board of Directors

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In its meeting held on **27-Jul-2024**, the Board of Directors of Panthoibi Housing Finance Company Limited (PHFCL) has approved the proposal for review of the **Related Party Transactions** of PHFCL. No amendments were considered necessary and the policy continues to remain in force.

1. INTRODUCTION

The terms of the provisions of Section 188 of the Companies Act, 2013, Panthoibi Housing Finance Company Limited is subdue to follow the procedure as prescribed for conducting the Related Party Transactions. Also, National Housing Bank (NHB) has vide Notification on Corporate Governance dated 09-02-2017 prescribed that Housing Finance Companies (HFCs) should evolve a Related Party Transaction Policy. The Board of Directors of the Company shall review and amend this policy, from time to time, if so require.

2. OBJECTIVE

The objective of this policy and procedure is to ensure that transactions between the Company and its related parties are based on principles of transparency and arm's length pricing. Therefore, this policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

3. DEFINITIONS

- 3.1. **"Act"** means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- 3.2. **"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
- 3.3. **"Board"** means the Board of Directors of the Company. .
- 3.4. **"Company"** means Panthoibi Housing Finance Company Limited.
- 3.5. **"Directors"** means Directors appointed by the Board including executive, non-executive and independent directors.
- 3.6. **"Committee"** means Audit Committee of the Company as constituted or reconstituted by the Board.
- 3.7. **"Ordinary course of business"** means the usual transactions, customs and practices undertaken by the Panthoibi Housing Finance Company Limited in

order to conduct its business operations and activities.

- 3.8. **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 3.9. **“Key Managerial Personnel”** mean the following key managerial personnel:
- a. Managing Director of the Company;
 - b. Chief Financial Officer of the Company;
 - c. Company Secretary of the Company;
 - d. Whole Time Director of the Company; and
 - e. Such other officer of the Company as may be decided by the Nomination and Remuneration Committee.
- 3.10. **“Member”** means a Director of the Company appointed as member of the Committee.
- 3.11. **“Material Related Party Transactions”** mean such Related Party Transaction(s) to be entered into individually or taken together with previous Related Party Transaction(s) during a financial year, which exceeds the threshold limits as specified under Rule 15 (3) of Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.
- 3.12. **“NHB Directions”** means Housing Finance Companies – Corporate Governance (National Housing Bank

Directions, 2016 issued by the National Housing Bank including any amendment thereof.

- 3.13. **“Related Party”** means any person who is
- a. A related party under Section 2(76) of the Companies Act, 2013 read with rules issued thereunder;
 - b. A related party under the applicable accounting standards; or
 - c. Any other person or entity covered under Applicable Laws.
- 3.14. **“Relative”** as per section 2 (77) of the Companies Act, 2013, with reference to any person, shall be deemed to be relative of another, if he or she is related to another in the following manner, namely:-
- a. Father, includes stepfather
 - b. Mother, includes stepmother
 - c. Son, includes stepson
 - d. Daughter-in-law
 - e. Son-in-law
 - f. Brother, Includes stepbrother
 - g. Sister, includes stepsister
 - h. Members of Hindu Undivided Family
 - i. Husband and wife
- 3.15. **“Related Party Transactions”** means any transaction with any Related Party that is subject to the provisions of Applicable Laws and shall inter-alia include the following:

- a. Purchase or sale of goods or materials (finished or unfinished)
- b. Purchase or sale of property of any kind
- c. Rendering or receiving of services
- d. Leasing of property of any kind
- e. Appointment of any agent for purchase or sale of goods, materials, services or properties
- f. Appointment of such related party to any office or place of profit in the Company, or its subsidiary or associate company
- g. Underwriting the subscriptions of any securities or derivatives thereof, of the Company.

4. TERMS OF RELATED PARTY TRANSACTIONS

- 4.1 All Related Party Transactions to be entered by the Company first needs the prior approval of Audit Committee which includes the transactions of ordinary course of business.
- 4.2 As per the terms of the policy, the Audit Committee shall obtain an approval of Related Party Transactions from the Board of Directors.
- 4.3 Arm's Length Transactions shall not require approval from the Board of Directors. Nevertheless, all Related Party Transactions to be entered by

the Company needs prior approval of the Audit Committee.

- 4.4 All Material Related Transactions and Related Party Transactions exceeding the threshold limit shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the Company by means of a meeting or by bringing a resolution.
- 4.5 Transactions as prescribed under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/ contracts/ arrangements as follows :

Contracts or arrangements with respect to clauses (a) to (e) of Section 188 (1) of Companies Act, 2013 with criteria as mentioned below:

- a. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company , whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188.
- b. 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, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188.

- c. Leasing of property of any kind amounting to ten percent or more of the net worth of the company or ten percent or more of turnover of the company, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;
- d. Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188.

4.6 All Related Party Transactions will be of Arm's Length Transaction so that there is no interest of conflict in approving the transaction by the Audit Committee and Board of Directors.

4.7 Omnibus approval of Related Party Transactions will only be approved by the Audit Committee once the transaction is of only Arm's Length Transactions.

5. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

A Related Party Transaction under this Policy will only be considered once it is approved by the Audit Committee and the Board of Directors, as applicable from time to time for its

Ordinary business transactions and future related transactions.

Any Related Party Transaction does not deem fit when reviewed by the Audit Committee and Board of Directors shall be sent for modification or rejection so as to be applicable under Section 188.

The Audit Committee and the Board of Directors will decide the tenure and the transaction amount of the Related Party Transactions.

A fair practice or code of conduct is being followed by Panthoibi Housing Finance Company Limited so that there is no conflict of interest while approving Related Party Transactions.

Approval of the Audit Committee and Board of Directors shall be required for any subsequent amendment, modification or renewal from time to time, in the terms of the earlier approved Related Party Transaction, as the case may prevail.

The provisions of this Related Part Transactions Policy shall be subject to the provisions of the Act & NHB guidelines and rules and regulations.

6. DISCLOSURE

The details of the Related Party Transactions Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of the Board of Directors Report and shall also be displayed.

— *End of Policy* —