



CLIX HOUSING FINANCE LIMITED

**POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY  
TRANSACTIONS (RPTs)**

Approved by: The Board of Directors

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## Table of Contents

|       |  |   |
|-------|--|---|
| I.    | PREAMBLE: .....  | 3 |
| II.   | OBJECTIVE / PURPOSE .....  | 3 |
| III.  | DEFINITIONS .....  | 3 |
| IV.   | THE POLICY .....   | 4 |
| V.    | MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS .....                      | 4 |
| A.    | Identification of Related Party Transactions .....                           | 4 |
| B.    | Review and Approval of Related Party Transactions .....                      | 5 |
| a)    | Approval by the Audit Committee .....  | 5 |
| b)    | Omnibus Approval .....   | 6 |
| c)    | Approval by Circulation .....  | 6 |
| d)    | Approval by the Board .....  | 6 |
| e)    | Approval by the Shareholders .....   | 7 |
| VI.   | TREATMENT OF RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY ..... | 7 |
| VII.  | EXEMPTIONS .....   | 7 |
| VIII. | REGISTERS & DISCLOSURES .....  | 8 |
| IX.   | AMENDMENTS TO THE POLICY .....   | 8 |

## **I. PREAMBLE:**

The Board of Directors (the "Board") of the Clix Housing Finance Limited (the "Company") (Formerly known as "Clix Housing Finance Pvt Ltd") , has adopted the following policy and procedures with regard to Related Party Transactions (as defined below) in accordance with the requirements of Section 188 of the Companies Act 2013 and Rules made thereunder and the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by RBI , as amended from time to time.

## **II. OBJECTIVE / PURPOSE**

The objective of this policy is to regulate transactions between the Company and its Related Parties and to ensure that such transactions are based on principles of fairness and transparency.

Likewise, this policy aims to ensure proper approval and reporting of transactions between the Company and any of its Related Party in accordance with the applicable laws.

This Policy shall supplement the Company's other policies in force that may be applicable to or involve transactions with related persons.

## **III. DEFINITIONS**

- i. "Act" means Companies Act, 2013 and rules made thereunder, as amended.
- ii. "Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013.
- iii. "Board" means the Board of Directors of the Company.
- iv. "Key Managerial Personnel" includes
  - a. the Chief Executive Officer or the Managing Director or the Manager;
  - b. the Company Secretary;
  - c. the Whole-time Director;
  - d. the Chief Financial Officer
- v. "Material Related Party Transactions" A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity 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 listed entity as per the last audited financial statements of the listed entity.
- vi. All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity.
- vii. The audit committee of a listed entity shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions.
- viii. "Related Party" shall have the meaning ascribed to it under the section 2(76) of the Act.
- ix. "Relatives" shall have the meaning ascribed to it under section 2(77) of the Act.
- x. "Related Party transactions": means any transaction directly or indirectly involving transfer of resources, services or obligations between the Company and the Related Party, regardless of whether a price is charged. A "transaction" with a Related Party shall be construed to

include single transaction or a group of transactions in a contract.

The following categories of transactions and thresholds as prescribed under Section 188 of the Act shall be covered under this Policy:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property etc.
- such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and
- underwriting the subscription of any securities or derivatives thereof, of the Company.

#### xi. **THE POLICY**

Unless otherwise stated in this Policy, all Related Party Transactions (including any amendments or modifications to such transactions) must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. All Material Related Party Transactions shall require approval of the shareholders through ordinary resolution and the Related Parties shall abstain from voting on such resolutions.

Transactions with Related parties which are in ordinary course of business of the Company, shall satisfy the criteria of arm's length pricing and shall be periodically disclosed to the Audit Committee/Board. It shall be the responsibility of the Functional Head to ensure that requisite evidence and documentation are made available to the Audit Committee/Board, as may be required, to demonstrate that the transactions are conducted on arm's length basis.

With effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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;

#### xii. **MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**

In dealing with Related Party Transactions, the Company will adopt the following approach:

##### ***A. Identification of Related Party Transactions***

All Related Party Transactions (including any amendments or modifications to such transactions) must be brought to the notice of the Audit Committee of the Company. Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

All Directors and Key Managerial Personnel are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the

beginning of every financial year and any change in such interest during the year. In addition, all Directors and Key Managerial Personnel are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

The Company Secretary ("CS") of the Company (to be referred as "Designated Official" for the purposes of this Policy) shall at all times maintain a database of Company's Related Parties containing the names of individuals and Companies, along with their personal/company details including any revisions therein. The Related Party List shall be updated and reviewed whenever necessary.

#### ***B. Review and Approval of Related Party Transactions***

All Related Party Transactions (including any amendments or modifications to such transactions) must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.

##### **a) Approval by the Audit Committee**

The Audit Committee shall review, approve and ratify Related Party Transactions based on this Policy and in accordance with the provisions of applicable laws. To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and at arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director; Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed

relationship and any other factors the Board/Committee deems relevant.

Any member of the Audit Committee, who has a potential interest in any Related Party Transaction, will recuse him or herself and abstain from voting on the approval or ratification of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval or ratification of the Audit Committee.

**b) Omnibus Approval**

Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

- a) The audit committee while granting the omnibus approval will take note of the policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- c) The omnibus approval shall specify:
  - The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
  - 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:

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 transactions subject to their value not exceeding rupees one crore per transaction.

The Audit Committee may grant omnibus approval to Related Party Transactions that are: a. repetitive in nature; and/or entered in the ordinary course of business and are at Arm's Length. The expression Arm's Length has the meaning ascribed to it under Section 188 of the Companies Act, 2013.

Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. During the year, The Audit Committee shall review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.

**c) Approval by Circulation**

In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

**d) Approval by the Board**

All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval. Any member of the

Board who has a potential interest in such Related Party Transaction will recuse him or herself and abstain from voting on the approval of such Related Party Transaction. Such member may, however, participate in discussions with respect to other Related Party Transactions placed for approval of the Board.

**e) Approval by the Shareholders**

All Material Related Party Transactions and subsequent material modifications as defined by the audit committee, shall require prior approval of shareholders by way of an ordinary resolution. All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall require prior approval of the shareholders, if required under applicable laws.

All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

The above-mentioned provisions with respect to prior-approval are not applicable to below:

- Transactions 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 entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

**xiii. TREATMENT OF RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In case 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 Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

Where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

**xiv. EXEMPTIONS**

Nothing contained in this policy shall apply to any contract or arrangement or agreement:

- a) In the ordinary course of its business at arms' length price with parties other than a Related Party.

- b) Between the Company and any other partner of the firm in which Director/Manager/Relative is a partner.
- c) Regarding service availed in a professional capacity from body corporate/person.
- d) With a private or public company in which relative of a director/manager is a director/member.

The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year and during two immediately preceding financial years shall not fall in the ambit of pecuniary relationship with the Company:

- a) Transaction(s) done in ordinary course of business at arm's length;
- b) Receipt of remuneration by way of sitting fees;
- c) Re-imbursement of expenses for attending board and other meetings;
- d) Any profit related commission as approved by members

**xv. REGISTERS & DISCLOSURES**

The Company shall keep and maintain a register, physically or electronically, giving separately the particulars of all contracts or arrangements to which this policy applies. Such register shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting. The Company shall provide extracts from such register to a member of the Company on his request, within seven days from the date on which such request is made per the applicable provisions. The Company shall disclose this policy relating to Related Party Transactions on its website and the web-link for the policy shall be provided in the Annual Report.

**xvi. AMENDMENTS TO THE POLICY**

The Audit Committee of the Company shall be reviewed by the board of directors on annual basis and updated accordingly subject to the approval of the Board of the Company.

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Act, notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.