

Related Party Transactions (RPT) Policy

1. Preamble

The Related Party (“RP”) relationships are normal in business and accordingly the transactions with RPs may arise in the normal course of business. A policy on Related Party Transaction (“RPT”) is required in order to bring in a process and transparency in such transactions. Shriram Housing Finance Limited (the “Company”) truly believes in it. Thus, the Board of Directors of the Company (“Board”) has formulated this policy as approved by its Committee with regard to RPTs.

2. Purpose

This Related Party Transactions Policy (the “Policy”) is to regulate transactions between the Company and its RPs based on the laws and regulations applicable to the Company. In order to bring in transparency and appropriate disclosure of Related Party Transactions (“RPT/s”) and to comply with the Companies Act, 2013 (the “Act”) and Rules made there under and applicable Accounting Standards, this Policy has been formulated by the Committee. This Policy shall become effective from the date of its adoption by the Board of the Company. It is intended to have required approval and reporting of transactions between the Company and its RPs. Such transactions are appropriate, only if, they are in the best interest of the Company and its shareholders.

3. Definitions

Authorized Official: Chief Financial Officer / Company Secretary of the Company or any other officer authorized by the Committee.

Committee: Audit and Risk Management Committee constituted by the Board.

Key Managerial Personnel (“KMP”): As defined under section 2(51) of the Act and Rules made there under.

Material Related Party Transaction (“MRPT”): A Related Party Transaction / Contract to be entered into individually or taken together with previous RPTs during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per last audited financial statements of the Company as prescribed in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended, read with Section 188 of the Act.

Relatives: As defined under section 2(77) of the Act and Rules made thereunder.

Related Party Transactions (“RPT”): shall mean all transactions between the Company on one hand and one or more related parties on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Act and/or applicable Accounting Standards issued by the ICAI.

Related Party (“RP”): As defined under section 2(76) of the Act or applicable Ind AS 24.

Transaction: Shall include a single transaction or a group of transactions in a contract or agreement with related party.

4. Applicability

This Policy shall be applicable to the Company, its employees, executives, directors and KMPs of the Company, who are a party to RPTs with the Company and shall apply to all the RPTs. Any amendment to this shall be approved by the Committee and shall have effect from the date of such approval or from such date as notified in amendment. In case of any conflict of any provision of this Policy with any applicable regulation or Act, the provision of such regulation or Act shall prevail over such provision of this Policy.

5. Review of the RPTs

RPTs details shall be referred to the Meeting of the Committee for review and approval of the Committee. Any member of the Committee having any interest in any RPT will state his/her interest and shall abstain from discussion and voting on the approval of the RPT. Before approving the RPT, the Committee shall among other matters consider the following factors to the extent relevant to the RPT with respect to the Company's nature, size, fairness of the terms, ordinary course of business, arm's length pricing, pricing method followed, other commercial terms, repetitive nature, compelling business reasons to enter into, alternatives, effect on the independence of an independent director, potential reputational risk involved, whether it was pre-approved and if not, the reason for not such pre-approval, if subsequent ratification would be detrimental, any conflicting situation that would arise for any director or KMP due to this, the overall financial position of the RP and the nature of Relation.

In determining anything in the Policy, the Committee can take advice of any professional or consultant and may proceed with the advice or opinion given by such professional or consultant. If the Committee is not able to decide on any matter, it may refer to the Board for its approval.

6. Approval of RPTs

The Committee, after the review and on being satisfied about the RPT, shall approve the RPT with or without any modification or shall reject the RPT or may refer it for further information as it may deem fit or may refer to the Board for its approval. If the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the RPT, then the considerations set forth above shall apply to the Board's review and approval of the matter. All RPTs shall require pre-approval of the Committee. All Material RPTs shall require approval of the shareholders through special resolution and the RPs shall abstain from voting on such resolutions whether the entity is a RP to the particular transaction or not. Any member of the Committee having any interest in any RPT will state his/her interest and shall abstain from discussion and voting on the approval of the RPT.

7. Omnibus Approval

The Committee may grant omnibus approval for proposed foreseen RPTs on being satisfied about the followings:

- a. The transactions are repetitive in nature;
- b. The transaction is in the interest of the Company;
- c. The need of the omnibus approval;
- d. The transaction is in line with this Policy;
- e. The Committee shall review such RPTs on quarterly basis; and
- f. Such omnibus approval shall be valid for a period of one year from the date of approval and shall require fresh approval thereafter.

While granting omnibus approval for proposed foreseen RPTs, the Committee shall at least specify in its approval the name of the RP, nature of RPT, period of RPT, RPT amount, indicative base price, contract price, reason for variation in price. While granting omnibus approval of unforeseen RPTs or where the above said details are not available, the value of such RPTs shall not exceed Rupees One Crore per transaction.

8. RPTs entered into without approval

If a RPT is entered into by the Company without requisite approval required under this Policy, the same shall be evaluated and reviewed by the Committee. After such evaluation and review, the Committee may ratify, revise, modify, waive procedural requirements under this Policy, terminate, recommend for approval of the shareholders or Board the RPT.

9. Exceptions

The following RPTs shall not require approval of the Committee or Board or Shareholders:

- a. Remuneration or Compensation to Director or KMP in connection with his / her duties to the Company or any of its subsidiaries or associates.
- b. Reimbursement of expenses incurred in the ordinary course of duties or business.
- c. Any transaction arising to the RP from ownership of securities issued / held by him / her in the Company and all holders of such securities receive the similar benefits pro rata as the RP.
- d. Transactions entered into between the Company and its wholly owned subsidiary, whose accounts are consolidated with the Company and placed before the shareholders at general meeting for approval.

10. Disclosure

This Policy shall be disclosed on its website and also in Annual Report of the Company.