

Bajaj Housing Finance Limited

Policy on Materiality of & Dealing with Related Party Transactions

Background:

Pursuant to erstwhile “Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016” (“NHB Directions”) the Board of Directors of Bajaj Housing Finance Ltd (the company) at its meeting held on 20 March 2017 had approved Policy on Materiality on Related Party Transactions and also on dealing with such Related Party Transactions.

Pursuant to Fifth amendment to the SEBI Listing Regulations, 2015 (“SEBI Listing Regulations”) dated 7 September 2021, certain corporate governance provisions under Chapter IV of the SEBI Listing Regulations have been extended to “High Value Debt” Listed Entities. High Value Debt listed entities are those entities which have listed its non-convertible debt securities and the outstanding value of such non-convertible debt securities is Rs. 500 Cr (Rupees Five Hundred Crore) or more. Accordingly, the Company being one such entity is required to comply with Regulations 17(5) of the SEBI Listing Regulations, 2015.

SEBI, vide circular dated 9 November 2021, has notified further amendments necessitating changes to be made in the policy, which will be effective from 1 April 2022, unless stated otherwise.

Policy:

In supersession of the existing Policy, the Policy on Materiality of & dealing with Related Party Transactions, which is to be read together with Regulation 23 of the said Regulations and relevant provisions of the Companies Act, 2013 is accordingly being revised as under:

1. The terms ‘Related Party’, ‘Related Party Transactions’, ‘Relative’, ‘Material RPTs’, ‘Arms’ length transaction’, ‘Omnibus Approval’ & such other terms will carry the meaning as stated under the Companies Act, 2013 or SEBI Listing Regulations as amended from time to time.
2. Related Party Transactions (RPTs), **including subsequent material modifications thereof** of the company covered under the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations will be approved by the audit committee of the Board from time to time, subject to such exceptions as are provided therein.

For the above purpose, ‘**material modifications**’ as defined by the Audit Committee would refer to the following:

3. **Material modification will mean & include any modification to an existing RPT having variance of 20% of the existing limit or Rs. 1 crore whichever is higher, as sanctioned by the Audit Committee/ Board/ Shareholders, as the case may be.**

Prior Consent of the Board and the Shareholders would be taken in respect of all RPTs, **including material modifications thereof, except** in the following cases:

- i. Where the transactions are below the threshold limits specified in the Companies Act, 2013 & Rules thereunder or the SEBI Listing Regulations, as may be applicable;

- ii. **Where the transactions are entered into by the company in its ordinary course of business and are on arms' length basis;**
 - iii. Payments made with respect to brand usage or royalty where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, do not exceed five percent of the annual consolidated turnover as per the last audited financial statements of the company;
 - iv. Where the transactions to be entered into individually or taken together with previous transactions during a financial year **do not exceed Rs. 1,000 Cr or ten percent of the annual consolidated turnover** of the company as per the last audited financial statements of the company, **whichever is lower;**
4. Notwithstanding the above, **approval of the Board & shareholders would be necessary**, where the RPTs exceed the following threshold limits:

Sr. No.	Description	Threshold limits (Rs. in crore)
1	Sale, purchase or supply of any goods or materials or securities	1,000
2	Borrowing	
3	Selling or otherwise disposing off or buying of any property including by way of lease and license arrangement	
4	Availing or rendering of any services including lending	

The above policy is subject to review from time to time and at least once in every three years.

Place: Pune

Date: 11 March 2022

Last reviewed on : 15 March 2024

CHAIRMAN