

Truhome Finance Limited

(formerly Shriram Housing Finance Limited)

Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions

Owner: Secretarial Team
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Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions

1. **PREAMBLE:**

The Related Party (“RP”) relationships are a common aspect of business and accordingly the transactions with RPs may occur as a part of the regular course of business.

Truhome Finance Limited (*formerly Shriram Housing Finance Limited*) (the “**Company**”) recognizes that Related Party Transactions (as defined below) may present potential or actual conflict of interest and may pose questions whether such transactions are in the best interests of the Company and its members or not.

The Policy is meant to lay down principles that will guide the transactions amongst the related parties. This Policy further sets forth the procedures for dealing with the Related Party Transactions including the process for their review, recommendation and approval as the case may be.

2. **PURPOSE:**

This Related Party Transactions Policy (the “**Policy**”) has been formulated to regulate transactions between the Company and its RPs based on the laws and regulations applicable to the Company. 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.

This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013 and its amendments thereto (“**Act**”), the rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**SEBI Listing Regulations**”), Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (“**RBI Master Directions**”), Accounting Standards as issued by Institute of Chartered Accountants of India, Income Tax Act, 1961, and the rules made thereunder, and such other statutes as may be put in place, in relation to corporate governance and related party transactions (“**Applicable Laws**”).

3. **SCOPE:**

This Policy shall be applied in:

- Identifying related parties, updating and maintaining the database of such persons/entities;
- Ascertaining that the transactions entered with the related parties are in ‘ordinary course of business’ and at ‘arm’s length basis’;
- Identifying related party transactions;
- Determining materiality of related party transactions;
- Obtaining approvals before entering into any related party transactions;
- Determining the disclosures / compliances to be adhered in relation to the related party transactions.

4. **DEFINITIONS:**

“**Act**” means Companies Act, 2013 read with rules thereto, including any amendments, re-enactments, modifications, notifications, circulars and orders issued from time to time.

“**Annual Consolidated Turnover**” is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Consolidated Financial Statements of the Company;

“**Arm’s Length Transaction / Basis**” means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest;

“**Audit Committee**” or “**Committee**” means Audit Committee of the Company as constituted or re constituted by the Board;

“**Board of Directors**” or “**Board**” means Board of Directors of the Company;

“**Company**” means Truhome Finance Limited (*formerly Shriram Housing Finance Limited*);

“**Director**” means the director on the Board of the Company;

“**Key Managerial Personnel**” or “**KMPs**” means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or Manager;
- (ii) Whole Time Director;
- (iii) Company Secretary;
- (iv) Chief Financial Officer;
- (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; or
- (vi) Such other officer as may be prescribed.

“**SEBI Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

“**Material Modification**” means:

- 25 % or more increase in the original value/ consideration of any Related Party Transaction which was approved by the Audit Committee/ Shareholders, as the case may be or INR 100 Crore, whichever is higher;
- significant terms and conditions of the contract with a Related Party such as modifications margin, significant alteration to the credit period and material changes in scope of deliverables;
- any other modification which as per the directions of the Audit Committee may be deemed material on case-to-case basis.

“Material Related Party Transaction” shall have the same meaning as given to ‘a transaction with a related party shall be considered material’ under the SEBI Listing Regulations, as may be amended from time to time. i.e. 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 INR 1000 Core or ten percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the listed entity, whichever is lower.

However, 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 individually or taken together with previous transactions during a financial year, exceed five percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.

“Ordinary Course of Business” shall mean the usual transactions, customs and practices carried on generally by the Non-Banking Financial Companies and shall include:

- transactions covered in the ‘main objects’ or the ‘objects incidental’ to attainment of the main objects as envisaged in the Memorandum and Articles of Association of the Company;
- transactions which are usually carried on by any Non-Banking Financial Company/Housing Finance Company;
- transactions done with a related party on a similar basis as of a third party,
- transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money or managerial resources that generates income for the Company.

“Related Party” means a related party as defined under the Applicable Laws;

“Related Party Transaction” means a transfer of resources, services or obligations between:

- i. the Company and a related party of the Company; or
- ii. the Company and any other person or entity, where the purpose and effect of which is to benefit a related party of the Company;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract, and includes transactions as defined as a “related party transaction” under Applicable Laws.

The following transactions shall not be construed as Related Party Transactions:

- a. the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and

- buy-back of securities.
- c. acceptance of fixed deposits by Banks/Non-Banking Finance Companies at terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified;
- d. retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors

Any words/terms used in this Policy but not defined herein shall have the same meaning assigned to such words/terms in the Act and the Rules made thereunder and the SEBI Listing Regulations as amended from time to time.

5. **IDENTIFICATION OF POTENTIAL RELATED PARTIES AND RELATED PARTY TRANSACTIONS:**

Identification of Related Parties:

- a. The Company, in accordance with the definition of the Related Parties as laid down under the Act, the Listing Regulations and the Indian Accounting Standard (IND AS) shall identify the Related Parties and maintain a database of such parties tracking the transactions, if any, with such parties. Such database of Related Parties shall be updated periodically, whenever necessary;
- b. The above list of Related Parties shall be updated based on the disclosures received from the Directors/KMP disclosing the details of his/her relatives and all firms, entities, body corporates, in which such director or KMP and their relatives, if any, are interested, whether directly or indirectly, as the case may be. Every Director and KMP shall also promptly intimate any change in the disclosures mentioned above.

Identification of Related Party Transactions:

- a. If a Director, Key Managerial Personnel wishes to enter into a Related Party Transaction with the Company involving either him/her or his/her relative shall give a notice to the Company along with all relevant details and documents;
- b. Notice of any Related Party Transactions, shall be given well in advance so that the Company has adequate time to obtain additional information or documents about the proposed Related Party Transactions, if necessary, which is required to be placed before the appropriate authority to enable it to approve the said transactions;
- c. The Company shall identify the transactions for seeking prior approval of the appropriate authority;

6. **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

A. **Approval of the Audit Committee:**

- i. Every Related Party Transaction and subsequent material modification(s) thereto (if any) shall be subject to the prior approval of the Audit Committee;
- ii. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of such transaction;
- iii. Only those members of the audit committee, who are Independent Directors, shall approve related party transactions;
- iv. The Audit Committee may grant ***omnibus approval*** for Related Party Transactions proposed to be entered into by the Company, subject to conditions as mentioned below:

Audit Committee shall consider following factors/ criteria for granting omnibus approval, which shall include the following:

#	Particulars	Details
1	Repetitiveness of the transactions (in past or future);	More than One
2	Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;	As determined by the Audit Committee from time to time, subject to limits specified under the applicable laws
3	The maximum value per transaction which can be allowed;	As determined by the Audit Committee from time to time, subject to limits specified under the applicable laws
4	Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;	As mentioned in this policy and additional details as may be required by the Audit Committee from time to time
5	Review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made;	At least quarterly
6	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	As per applicable laws and as may be specified by the Audit Committee from time to time
7	Justification for the need of omnibus approval and in the interest of the Company.	Repetitive nature, Interest of Company and Administrative Convenience

The Company while placing the proposal before the Audit Committee for seeking Omnibus Approval, shall specify the minimum information as under:

- 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;

- any other information relevant or important for the Audit Committee to take a decision on the proposed transaction;
- such other conditions as the audit committee may deem fit:

In the event, where the need for the Related Party Transactions cannot be foreseen and details as required to be placed before the Audit Committee are not available, then the Audit Committee may grant omnibus approval for such transaction subject to their value not exceeding INR 1 Crore per transaction.

Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given by it on a quarterly basis.

The Audit Committee may grant omnibus approval in accordance with the provisions of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 62K (3) of the SEBI Listing Regulations for Related Party Transactions which are of repetitive/regular nature proposed to be entered into.

The omnibus approval shall be valid for a period of one year and shall require fresh approval after expiry of one year.

Omnibus approval shall not be granted for transactions in respect of selling or disposing of the assets of the Company.

- v. In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons from the Company's business point of view, to enter into a transaction with a Related Party.
- vi. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the Applicable Laws.

B. Approval of the Board of Directors:

- i. The following Related Party Transactions shall be placed before the Board of Directors for approval, after the approval of the Audit Committee:
 - Related Party Transactions referred by the Audit Committee including Material Related Party Transactions and subsequent Material Modifications thereto;
 - Related Party Transactions **not** on Arm's Length Basis, and/or;
 - Related Party Transactions **not** in the Ordinary Course of Business.
- ii. The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose the details as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure) Requirements, Regulations, 2015.
- iii. Any Director interested in any contract or arrangement with a Related Party shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

C. No Objection Certificate of the Debenture Trustee(s):

- i. All material related party transactions and subsequent material modification(s) shall require **prior No-Objection Certificate** from the Debenture Trustee and the Debenture Trustee shall in turn obtain No-Objection from the debenture holders who are not related with the Issuer and hold at least more than fifty per cent. of the debentures in value, on the basis of voting (including e-voting);
- ii. After obtaining approval of the debenture holders, approval of the shareholders through resolution shall be obtained;
- iii. If the No-Objection Certificate has been withheld, the matter shall not be taken forward for shareholders' consideration;
- iv. Such No-Objection Certificate from Debenture Trustee and debenture holders shall be obtained in respect of listed debt securities **issued on or after April 01, 2025**

In case of outstanding listed debt securities as on March 31, 2025, No-Objection Certificate from Debenture Trustee and debenture holders shall not be required for existing or prospective material related party transactions.

D. Approval of the Shareholders:

- i. ***Prior approval of the shareholders*** of the Company shall be obtained for all Material Related Party Transactions and subsequent Material Modifications under SEBI Listing Regulations, by way of an ordinary resolution.

No Related Party shall vote to approve on such resolutions whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- ii. Any Related Party Transaction which is not in the Ordinary Course of Business and/or not on Arm's Length Basis, and crosses prescribed threshold limit as per Companies Act, 2013 will require prior approval of the shareholders.
- iii. The explanatory statement to be annexed to the notice of a general meeting convened shall contain such particulars as required under the Companies Act, 2013 and SEBI Listing Regulations.

The approval policy framework is given below:

1. Audit Committee Approval

- ✓ Prior approval of all Related Party Transactions and subsequent material modification(s), except items exempted by applicable laws.

2. Board Approval

- ✓ Related Party referred by Audit Committee for approval of the Board;
- ✓ Material Related Party Transactions and subsequent material modification(s) thereto;
- ✓ Related Party Transactions not in the Ordinary Course of Business and not on Arm's Length Basis;

3. No-Objection Certificate from Debenture Trustee(s)

- ✓ Material Related Party Transactions and subsequent material modification(s)

4. Shareholders' Approval

- ✓ Approval by Ordinary resolution for
 - a. Material Related Party Transactions and subsequent material modification(s);
 - b. Related Party Transactions not in Ordinary Course of Business and/or not at Arm's Length Basis and crosses prescribed threshold limit as per Companies Act, 2013.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY :

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding such Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction or modification of the transaction to make it acceptable for ratification if permitted under Applicable Laws.

The Audit 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 as it deem appropriate.

In case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of such transaction.

In case the Company is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy and subject to applicable laws.

8. **POLICY REVIEW:**

The Policy shall be reviewed by the Board at least annually and updated accordingly.

In case of any subsequent changes in the provisions of the SEBI Regulations or the Companies Act, 2013 and rules thereunder or other applicable laws, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

9. **INTERPRETATION:**

Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this Policy read with the applicable provisions of the Act, rules made thereunder, and the SEBI Listing Regulations and Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

In case any amendments, clarifications, circulars and guidelines as issued by the regulatory body(ies)/authority(ies) and such amendments, clarifications, circulars and guidelines are not consistent with the requirements specified under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail and accordingly this Policy shall stand amended effective from the date as laid down under such amendments, clarifications, circulars and guidelines

10. **DISCLOSURE:**

- a. The particulars of Related Party Transactions shall be disclosed in every six months to the stock exchanges in such manner as may be prescribed under the SEBI Listing Regulations on the date of publication of the financial results for the half year and shall be published on the website of the Company..
- b. Appropriate disclosures as required by the Companies Act, 2013, SEBI Listing Regulations and Reserve Bank of India, National Housing Bank will be made in the Annual Return and the Board's Report of the Company.
- c. This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in its annual report.

Sign-off History

Version Number	Sign-off Details	Name	Sign-off Date
3.0	Prepared By	Secretarial Team	April 9, 2025
	Reviewed By	Gauri Shankar Agarwal	April 14, 2025
	Recommended By	Audit Committee	April 24, 2025
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Version Number	Sign-off Details	Name	Sign-off Date
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1.0	Recommended By	Audit Committee	June 8, 2020
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