



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

# POLICY ON RELATED PARTY TRANSACTIONS

**Version No 1.0**

National Housing Bank  
New Delhi

### Main Document

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1.0	08-02-2024	Board of Directors

### References

S.N.	Documents
1	SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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## 1. INTRODUCTION

1.1 The National Housing Bank, (“NHB” or “the Bank”), a body corporate constituted under the provisions of the National Housing Bank Act, 1987 (“NHB Act”), is governed by the provisions of the NHB Act. Further, NHB is bound by the regulations viz. National Housing Bank General Regulations, 1983 (“NHBGR”) framed under section 55 of the NHB Act. and the directions and guidelines issued by the regulatory authority, (Reserve Bank of India (“RBI”)) from time to time and being a listed entity has to comply with the regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 (“Listing Regulations”) and other guidelines issued by the Securities and Exchange Board of India (“SEBI”).

1.2 NHB has listed its non-convertible securities and as a listed entity, NHB need to adhere with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, (SEBI LODR Listing Regulations). Regulation 23 of SEBI LODR Listing Regulations put an obligation on NHB to formulate the “Policy on related party transactions duly covering aspects of materiality of such transactions and also regarding dealing with such transactions. (‘RPT Policy’ or ‘Policy’)”.

## 2. SCOPE

The Policy is framed to address the matters pertaining to related party transactions threshold limit of materiality and other aspects as required under the SEBI LODR Listing Regulations, and any other laws and regulations as may be applicable to NHB.

## 3. DEFINITIONS

- a. “Government Company” means Government Company as defined in Section 2(45) of Companies Act, 2013, which means any company in which not less than fifty-one per cent. of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company
- b. “Independent Director” means the Non-Executive Directors on the Board of NHB as per explanation provided under Regulation 16 of SEBI Listing Regulations.
- c. “Material Related Party Transaction(s)” shall have the meaning as prescribed under Regulation 23 of SEBI Listing Regulations which means “a

transaction(s) entered by the Bank with a Related Party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during the financial year, exceeds rupees one thousand crores or ten percent of the Annual Consolidated Turnover of the Bank as per the last audited financial statements of the Bank, whichever is lower; or

a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the Annual Consolidated Turnover of the Bank as per the last audited financial statements of the Bank.

- d. "Related Party" shall have the meaning as defined under Regulation 2 (1) (zb) of SEBI (LODR) regulations, 2015, which, interalia means related party defined under the applicable accounting standards including any amendment thereof.
- e. "Related Party transactions" shall have the meaning as defined under Regulations 2 (1)(zc) of SEBI (LODR) regulations, 2015 or any amendment thereof, which means a transaction involving a transfer of resources, services or obligations between:
  - (i) NHB or any of its subsidiaries on one hand and a related party of the NHB or any of its subsidiaries on the other hand; or
  - (ii) NHB or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the NHB or any of its subsidiaries, 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.
- f. "Subsidiary" shall have the meaning as defined under Regulation 2 (1) (zm) of SEBI (LODR) regulations, 2015, which, interalia means a Company in which the holding company:
  - (i) controls the composition of the Board of Directors; or
  - (ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.

#### 4. DEALING WITH RELATED PARTY TRANSACTIONS

- a. All Related Party transactions, and subsequent material modification shall require prior approval of the Audit Committee. Provided that only those members of the audit committee, who are Independent Directors, shall approve related party transactions.
- b. Audit Committee of NHB may grant omnibus approval for related party

transactions proposed to be entered into by the NHB. The omnibus approval shall specify:

- i. The name (s) of the related party,
  - ii. Nature and period of Transaction,
  - iii. Maximum Amount of transactions to be entered into
  - iv. Such other conditions as the Audit Committee may deem fit
- c. In the event where 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.
- d. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the NHB pursuant to each of the omnibus approvals given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.  
All material related party transactions and subsequent material modifications shall require prior approval of the Board of Directors.

## 5. MATERIAL MODIFICATIONS

5.1 Any modification of a related party transactions having significant impact on nature, value, tenure, exposure, or likely financial impact of related party transaction shall be considered as material if :

- (a) Nature of the transaction ceases to be on Arm's Length basis.
- (b) The term of transaction is changed from fixed term to ongoing basis or otherwise.
- (c) Changes resulting into novation of contract.
- (d) The variation in the nature of transaction to an extent that the obligation on either side varies by 25 % or more, over and above the approved Limit.
- (e) The variation in duration of contract giving rise to prolong obligations, terms, termination, and expiry of contract. Provided however modification on transaction on account of change of law or merely technical in nature shall not be considered as material modifications.

## 6. EXEMPTION TO THE POLICY

The following transactions shall not require prior approval in accordance with Regulation 23(5) of SEBI LODR Regulations:

- (a) transactions entered into with a government company;
- (b) Transactions entered between NHB and its wholly owned subsidiary (wholly owned by the NHB).

7. RPT NOT APPROVED UNDER THIS POLICY:

- a) In the event NHB becomes aware of a transaction with a related party that has not been approved in accordance with 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 the related party transaction, and shall evaluate all options available to NHB, including ratification, revision or termination of the related party transaction.
- b) The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting of such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate.
- c) In any 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, discontinuation of the transaction or payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8. DISCLOSURE

NHB shall submit to the stock exchanges, disclosures of RPTs along with its financial results for the half year in the specified format and within the specified timeline of SEBI. The Policy shall be disclosed on NHB's website.

9. EFFECT OF SUBSEQUENT ENACTMENT/OR AMENDMENT /OR CHANGE OF LISTING REGULATION IN THIS POLICY:

This policy shall be deemed modified / or amended to the extent necessary to give effect to any subsequent enactment/ or amendment/ or change in the listing regulations and other applicable law effective from the date of applicability of any such change.

10. REVIEW

The review of Policy shall carried out at least once in three years.

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