

Document Title	Policy on Related Party Transactions
Approved by	Board of Directors at its meeting held on 28th August 2017
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Centrum Housing Finance Limited
Regd. Office: 801, Centrum House, CST Road, Vidyanagri Marg, Kalina, Santacruz (E), Mumbai – 400098
CIN: U65922MH2016PLC273826
www.centrum.co.in

1. Introduction & Purpose:

The Board of Directors (the "Board") of Centrum Housing Finance Limited (the "Company") has adopted the following policy and procedures ("Policy") with regard to Related Party Transactions (RPTs) w.e.f. September 1, 2017 (duly approved by the Board at its meeting held on August 28, 2017). This policy is framed as per requirement of the Reserve Bank of India (Housing Finance Companies) Directions, 2025 and as amended from time to time. The objective of this policy and procedure is to ensure that transactions between the Company and its related parties are based on principles of transparency and arm's length pricing as provided under the section 188 of the Companies Act 2013. Likewise, this policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

As the Audit Committee of the Board is entrusted with the task of reviewing and approving transaction with Related Parties or any subsequent modifications thereof, the Audit Committee shall be the reviewing authority with respect to this Policy at such intervals as it may deem necessary and shall recommend amendments thereof for approval of the Board.

The Executive Management of the Company comprising Managing Director/CEO/Whole-Time Director and Executive Director(s) shall have the authority, to issue such guidance and clarifications as may be deemed necessary for the implementation of this Policy. They are also authorized to delegate such powers as may be considered necessary and appropriate for effective administration and enforcement of this Policy to any officer(s) of the Company

This policy may be amended by the Company from time to time and is subject to all laws and regulations applicable to the Company from time to time.

2. Definitions

"Annual Consolidated Turnover" or "Turnover" is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Consolidated Financial Statements of the Company
"Audit Committee" means Committee of Board of Directors of the Company constituted under Section 177 of the Companies Act, 2013
"Board" means the board of directors of the Company
"Key Managerial Personnel" or "KMP" shall have the same meaning as in Companies Act, 2013
"Material Related Party Transaction" means such Related Party Transactions where the aggregate value of transactions entered, or likely to be entered into, with a related party during the current financial year, is likely to exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
"Ordinary Course of Business" means transactions that are necessary, normal and incidental to the business, the objects of the Company permit such activity, there is a historical practice and pattern of

frequency (not an isolated transaction), has connection with the normal business carried on by the Company.

"Related Party" means, an entity is:

(i) a related party under Section 2(76) of the Companies Act, 2013; or

(ii) a related party under the applicable accounting standards

"Related Party Transaction" or "RPT" means any transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged.

"Relative" means relative as defined under the Companies Act, 2013.

3. General Guidelines

All Related Party Transactions must be reported to the Audit Committee and referred by the Audit Committee to the Board for approval in accordance with this Policy.

All Material Related Party Transactions shall require approval of the shareholders vide an ordinary resolution and all the Related Parties of the Company shall abstain from voting on such resolutions irrespective of whether they are interested in that particular Material Related Party Transaction.

Provided however that the transactions entered into between the Company and a wholly owned subsidiary of the Company where

(i) the accounts of the subsidiary are consolidated with the Company; and

(ii) approved by the shareholders at a general meeting

shall not require approval of either Audit Committee or the shareholders.

4. Identification of RPTs

4.1. Each Director and "KMP" and other Related Party shall promptly notify the Audit Committee of any material interest that such person or relative of such person had, has or may have in a RPT, by providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative together with Committee reasonably request.

4.2. The Company prefers that notice of any RPT is given well in advance, so that the Audit Committee/the Board has adequate time to obtain and review information about the proposed RPT.

4.3. The Board / Audit Committee shall determine whether a transaction does, in fact, constitute a RPT requiring compliance with the Policy.

4.4. A Related Party will be brought to the attention of the Management and the Board/Audit Committee's attention by the Secretarial Department at least on an annual basis, as on 1st April every year. The Secretarial Department needs to inform any change in the Related Party List to functional teams of the Company to identify the Related Party Transactions.

5. Review & Approval of RPTs

All Related Party Transactions will be subject to following approval matrix, as may be applicable.

5.1. Transactions in the ordinary course of business and on arm's length basis

Ceiling on Amount	Approval Required		
	Audit Committee	Board of Directors	Shareholders (Ordinary resolution)
less than 10% of the annual turnover of the company	√	-	-
In excess of the above limits	√	√	√ (all related parties to abstain from voting)*

5.2. Transactions either not in the ordinary course of business or on arm's length basis

Nature of Transaction	Approval Required		
	Audit Committee	Board of Directors	Shareholders (Ordinary resolution)
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	√	√	10% or more of the turnover **Note:** Related Parties that are parties to the contract shall abstain from voting.*
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.	√	√	10% or more of the net worth **Note:** Related Parties that are parties to the contract shall abstain from voting.*
Leasing of property of any kind.	√	√	10% or more of the turnover **Note:** Related Parties that are parties to the contract shall abstain from voting.*
Availing or rendering of any services, directly or through appointment of agent.	√	√	Exceeding 10% of the turnover **Note:** Related Parties that are parties to the contract shall abstain from voting. *

Appointment of any related party to any office or place of profit in the Company, its subsidiary company or associate company.	√	√	Monthly remuneration exceeding two and half lakh rupees. * **Note:** Related Parties that are parties to the contract shall abstain from voting*
Underwriting the subscription of any securities or derivatives thereof, of the Company.	√	√	Remuneration exceeding 1% of net worth **Note:** Related Parties that are parties to the contract shall abstain from voting.*
Any other transaction with related parties, other than those covered above, resulting in transfer of resources, obligations or services	√	√	Exceeding 10% of the turnover or Rs. 100 crore, whichever is lower **Note:** Related Parties that are parties to the contract shall abstain from voting. *

* *However, related parties can vote if ninety per cent or more members, in numbers, are relatives of promoters or are related parties.*

Note: Limits specified shall apply for transaction to be entered into either individually or taken together with the previous transaction during a financial year.

6. Criteria for approving RPTs

In determining whether to approve a RPT, the Audit Committee shall consider the following factors, among others subject to the threshold limits specified in this Policy, to the extent relevant to the RPT:

6.1. Whether the terms of the RPT are fair and on 'arm's length basis' to the Company and would apply on the same basis if the transaction did not involve a Related Party;

6.2. Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;

6.3. Whether the RPT would affect the independence of an independent director;

6.4. Whether the proposed RPT includes any potential reputational risk issues that may arise as a result of or in connection with the proposed RPT;

6.5. Whether subsequent ratification of the proposed RPT is allowed and would be detrimental to the Company; and

6.6. Whether the RPT would present an improper conflict of interest for any director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the director, KMP or other Related Party, the direct or indirect nature of director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant;

6.7. If the Audit Committee determines that a RPT should be brought before the Board, or if the Board in any case elects to review any matter or it is mandatory under any law for the Board to approve the RPT, then the considerations set forth above shall apply to the Board's review and approval

of the matter, with such modifications as may be necessary or appropriate under the circumstances.

7. RPTs that do not require prior Audit Committee review

7.1. The Audit Committee shall also be entitled to grant omnibus approval ("Omnibus Approval") for a class of transactions which are repetitive in nature as per the procedure specified for approving RPTs in this Policy.

7.2. In addition to the criteria specified in paragraph 7.1 above, the Audit Committee shall be required to specify in the Omnibus Approval:

(i) Name(s) of the Related Party, nature, period of transaction and maximum amount of the proposed RPT;

(ii) the indicative base price/current contracted price and the formula for variation in the price if any;

(iii) and such other conditions as the Audit Committee may deem fit;

(iv) in the event the need for a class of RPTs cannot be foreseen or the details specified in (i) to (iii) above are not available, the Audit Committee may grant Omnibus Approval for such RPTs provided each transaction does not exceed INR 1,00,00,000 (Rupees one crore).

7.3. Maximum value of transactions in aggregate in a year which can be allowed under Omnibus route is Rs. 1 (One) Crores.

7.4. Transactions mentioned in Para 5.2 cannot be approved under omnibus mode.

7.5. Audit Committee shall review, the details of the actual RPTs entered into by the Company pursuant to each of the Omnibus Approvals on a quarterly basis.

7.6. The Omnibus Approvals shall be valid for a period not exceeding one year and shall require fresh approvals from the Audit Committee after the expiry of 1 (one) year from the grant of each approval.

7.7. Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.

7.8. Any transaction that involves the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

7.9. Any transaction arising out of Compromises, Arrangements, and Amalgamations dealt with under specific provisions of the Companies Act, 1956/Companies Act, 2013.

7.10. Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.

7.11. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

7.12. Any transaction that involves providing corporate guarantee to Banks/Financial Institution, from Centrum Group Companies , for credit facilities availed by the Company from Banks/Financial Institutions.

8. RPTs not approved under this Policy

8.1. In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy by the Audit Committee, prior to its consummation, it shall report such transaction to the Audit Committee which shall follow the procedure laid down in this Policy. Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

8.2. In any case, save as otherwise provided in the Policy, where the Audit Committee determines not to ratify a RPT that has been commenced without its prior approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission or revision of the transaction.