



PODDAR
HOUSING AND DEVELOPMENT LIMITED

PODDAR HOUSING & DEVELOPMENT LIMITED
RELATED PARTY TRANSACTION POLICY

J. Prologue:

The Board of Directors (the “Board”) of Poddar Housing & Development Limited (“PHDL”) has approved and adopted Related Party Transactions Policy (“Policy”) to provide the procedures under which transactions with Related Parties shall be reviewed for approval or ratification pursuant to the procedures framed out below. This RPT policy has been reviewed and approved by the Audit Committee and revised time to time in line with legal and regulatory changes. This policy aims to comply with the provisions of the 2013 Act, Rules framed thereunder and SEBI (LODR) Regulations, 2015.

KK. Meaning and Construction:

“Policy” means Related Party Transaction Policy.

“**Audit Committee or Committee**” means “Audit Committee” constituted by the Board of Directors of the Company under provisions of LODR and Companies Act, 2013, from time to time.

“**Board of Directors**” or “**Board**” means the Board of Directors of GCPL, as constituted from time to time.

“**Key Managerial Personnel**” or “**Key Management Personnel**” means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made thereunder.

“**Ordinary Course of Business**” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the company can undertake as per Memorandum and Articles of Association. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

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“Related Party” - An entity shall be considered as related to company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under applicable accounting standards

Related Party under Section 2(76) of the Companies Act, 2013 are as follows;

- i. a director or his / her relative;
- ii. a key managerial personnel or his / her relative;
- iii. a firm, in which a director, manager or his / her relative is a partner;
- iv. a private company in which a director or manager or his / her relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- viii. any company which is—
 - a) a holding, subsidiary or an associate company of such company; or
 - b) a subsidiary of a holding company to which it is also a subsidiary;
- ix. Such other persons as may be prescribed – Director (excluding independent directors), Key Managerial Personnel of the holding company or their relatives, shall be deemed to be related party.

“Relatives”: “Relatives”, with reference to any person, means anyone who is related to another, if—

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- i. they are members of a Hindu Undivided Family;
- ii. they are husband and wife; or
- iii. one person is related to the other in such manner as may be prescribed, which is as follows:
 - (a) Father (including step-father)
 - (b) Mother (including step-mother)
 - (c) Son (including step-son)
 - (d) Son's wife
 - (e) Daughter
 - (f) Daughter's husband
 - (g) Brother (including step-brother)
 - (h) Sister (including step-sister)

Associate Company in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation—For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

The term Joint Venture shall mean only jointly controlled entities.

A Related Party Transaction is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged. A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract

“Material Related Party Transaction” means any transaction / transactions to be entered into individually or taken together with previous transactions during a financial year above the threshold specified in the section under Material Related Party Transactions

3 The Policy:

All Related Party Transactions must be reported to the Audit Committee for its approval in accordance with this Policy.



Related Party Transactions – Identification

Every director and KMP is answerable to serve Notice to the Company Secretary of any potential Related Party Transaction indulging him/her or his or her relative, including any further information about the transaction that the Board/Audit Committee may request, for being placed in front of the Audit Committee and the Board. The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy on RPT.

It has been insisted to serve such notice of any potential Related Party Transaction at least 10 days in advance to ensure the Audit Committee has enough time to obtain and review information about the proposed transaction.

Consent of the audit committee to RPT

Each RPT shall be subject to the prior approval of the Audit Committee, if required by the law, if at a meeting or by resolutions by circulation, except transactions with WoS which requires only consent (and not prior approval) of the Audit Committee. Any member of the Committee who has a potential interest in any Related Party Transaction will not participate in discussion and stay away from voting on the approval of the RPT.

The Audit Committee of the Board will review and, if deem fit, approve Related Party Transactions. Accordingly, all estimated Related Party Transactions expected to be entered into during any financial year shall be approved before the close of the previous financial year. Any further modification shall be approved by the Audit Committee. The Management shall present to the Committee the requisite information with respect to all Related Party Transactions expected to be entered into during any financial year:

In deciding if to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant and grant an omnibus approval to the Related Party Transaction which are repetitive in nature and proposed to be entered into by the company:

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The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;

Whether the terms of the Related Party Transaction 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;

Audit Committee may refer to SA 550, Related parties issued by ICAI which inter alia suggests the following to determine whether the transactions are at an arm's length:

- Comparison of the terms with those of an identical or similar transaction with one or more unrelated parties;
- Comparison of the terms to known market terms for identical or similar transactions; and
- In making the comparison, consideration should be given not only to the price but also to other terms and conditions, for example, credit terms, contingencies, specific charges

The Committee can also refer to International guidelines / principles i.e. OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration

The Audit committee shall determine whether the transaction is in the ordinary course of business with the help of the following parameters drawn from judicial precedents like reasonability of transaction in the context of business, whether it necessary, normal and incidental to the business, customary and happen with certain frequency etc.

Whether the Related Party Transaction would affect the independence of the directors/KMP;

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

Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and

Whether the Related Party transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

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Where the 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 Rs.1 crore per transaction. Omnibus approval shall not be given for transactions in respect of selling or disposing of the undertaking of the Company.

If any material information with respect to such transactions shall change subsequent to the Committee's review of such transactions, management shall provide the Committee with updated information at a subsequent meeting and will get the changes approved afresh by the Committee.

If any additional Related Party Transactions are proposed to be entered into subsequent to the Committee's first meeting in the financial year, management shall present such transactions to the Committee for approval.

Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.

Consent of the Board to RPT

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them, judge if the transaction is in ordinary course of business or at arm's length basis. In case the Audit Committee is not able to arrive at such a decision, the same shall be referred to the Board, which shall decide if the transaction is in ordinary course of business or at arm's length basis.

For transactions covered under Sec 188 of the Companies Act 2013 as stated below will require Board's approval if not at arm's length and not in the ordinary course of business :

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;and

Any board member, who is concerned or interested in the transaction, shall not participate in the discussion and voting on the resolution.

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Members' consent

The Audit Committee shall report all "Material Related Party Transactions" to the Board of Directors. Material Related Party Transactions means transactions which are 10% or more of the annual consolidated turnover as per latest audited financial statements of the company. For the transactions relating to royalty and brand payments to be paid to related parties, Shareholders' approval (majority of minority) is required for the transactions exceeding 2% of the consolidated turnover.

The Company will also seek approval for "material related party transactions" in the subsequent general meeting of the year in which the related party transaction is undertaken and no related party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

All the transactions, other than the Material Related Party Transaction, with the related parties which are not in the Ordinary Course of Business or at Arms' Length Basis shall also require the approval of the shareholders if the specified thresholds are met and the Related Parties interested in the contract/arrangement shall abstain from voting on such resolution.

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The stipulated thresholds limit of the transactions is enumerated below:

Sr. No.	Prescribed Transaction Category	Thresholds
1	Sale, purchase or supply of any goods or materials (directly or through appointment of agents)	10% or more of the turnover of the Company.*
2	Selling or otherwise disposing of, or buying, property of any kind (directly or through appointment of agents)	10% or more of the net worth of the Company.*
3	Leasing of property of any kind	10 % or more of turnover of the company.*
4	Availing or rendering of any services directly or through appointment of agents	10% or more of the turnover of the Company.*
5	Appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration	Exceeding INR 2.5 lakhs
6	Remuneration for underwriting the subscription of any securities or derivatives thereof of the company	Exceeding 1% of the net worth

*Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

Unapproved RPT

In case of the Company becomes conversant with a Transaction with a Related Party that has not been consented under this Policy prior to its occurrence, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall analyze all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

The Committee shall also analyze the facts and circumstances related to the failure of reporting such Related Party Transaction to the Committee under this Policy and failure of the internal control systems, and shall take any such action it deems fit.

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4 RPT Reporting :

Company's Annual Report shall have the disclosures of the particulars of the contract and arrangement along with the justification for entering into such contracts / arrangements with the Related-parties forming a part of Directors' Report in the specified Form AOC 2 that deals with the manner in which disclosure is to be made in the Board Report.

The Company will also disclose the details of all material related party on a quarterly basis along with the compliance report on corporate governance filed with the stock exchanges as per LODR.

5 Amendments

Audit Committee and the Board of Directors shall review from time to time in light of the statutory amendments and business gist as and when any changes are to be proposed and made in the policy due to change in regulatory requirements or as may be deem appropriate by the Board. Such amendments in the policy are subject to approval of the Audit Committee and the Board.

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