

Policy on Related Party Transactions

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

IIFL SAMASTA FINANCE LIMITED

PREAMBLE AND PURPOSE

The Board of Directors (“the Board”) of IIFL Samasta Finance Limited, has adopted the policy and procedures with regards to Related Party Transactions as defined below. The Audit committee will review and may amend this policy from time to time.

This Policy has been framed as per the requirements and is intended to ensure proper approval and reporting of the transactions between the Company and its Related Parties. This Policy also ensures adequate systems and procedures to address potential conflict of interest and compliance with the provisions of the Act.

The Board recognizes that certain transactions present a heightened risk of conflict of interest or the perception thereof. Therefore, any dealings with a Related Party must be conducted in such a way that no preferential treatment is given and adequate disclosures and/or permissions are made/ sought as required by Applicable Laws as defined herein below and as per the applicable policies of the Company. Therefore, the Board has adopted this Policy to ensure that all transactions with Related Parties shall be subject to this Policy and approval or ratification in accordance with Applicable Laws (defined herein).

Also, Regulation 23(1) of the SEBI LODR requires a company to formulate a policy on materiality of related party transactions and dealing with RPTs.

In light of the above, IIFL Samasta Finance Limited has framed this Policy on Related Party Transactions (“Policy”). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee of Directors. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

DEFINITIONS

1. **“Audit Committee or Committee”** means the Audit Committee of Board of Directors of the Company;
2. **“Board”** means Board of Directors of IIFL Samasta Finance Limited.
3. **“Applicable Laws”** means the Act, the rules made thereunder, Listing Regulations and RBI Directions, Accounting Standards issued by the Institute of Chartered Accountant of India or any other legislative authority entrusted with the task of issuing such accounting standards and includes any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions, as may be in effect from time to time;

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4. **“Company Secretary”** means a Company Secretary of the Company;
5. **“Key Managerial Personnel”** means Key Managerial Personnel (KMP) as defined in Section 2(51) of the Companies Act, 2013 i.e:
 - Chief Executive Officer or The Managing Director or The Manager;
 - Whole-Time Director;
 - Chief Financial Officer;
 - Company Secretary
 - 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; and
 - such other officer as may be prescribed
6. **“Relative(s)”** shall have the same meaning as assigned to it under Section 2 (77) of the Companies Act, 2013.
7. **“Related Party”** means any person who is
 - a related party under Section 2(76) of the Companies Act, 2013 read with rules issued thereunder;
 - a related party under the applicable accounting standards; or
 - any other person or entity covered under Applicable Laws.
 - (a) Any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - (b) Any person or any entity, holding equity shares of:
 - (i) Twenty per cent (20 %) or more; or
 - (ii) Ten per cent (10%) or more, with effect from April 1, 2023;

In the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party:”

As per Section 177 of the Companies Act, 2013 and Rules framed thereunder the approval of Audit Committee is required for any transactions of the Company with Related Parties including any subsequent modification thereof. Further, the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions, as may be required under the Companies Act, 2013 and Rules framed thereunder, Listing Agreement, RBI Directives and other applicable law.

8. **“Related Party Transactions”**

As per Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the following transactions will

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be considered as “Related Party Transactions;

Related party transaction” means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity 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 listed entity or any of its subsidiaries, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

(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 by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- i. payment of dividend;
- ii. subdivision or consolidation of securities;
- iii. issuance of securities by way of a rights issue or a bonus issue; and
- iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the 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 by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

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

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- underwriting the subscription of any securities or derivatives thereof, of the company.
9. **Material Related Party Transactions** means the transactions where transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.
(The policy on materiality is as stated in Annexure-1.)
10. **“arm’s length transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
11. **Policy:** All Related Party transactions must be reported to the Audit Committee and referred for approval by the committee in accordance with this policy.

All terms not defined herein shall take their meaning from the Applicable Laws.

POLICY

A. Procedures for approval and review of Related Party Transactions

"Compliance with regard to approval and review of Related Party Transactions pursuant to this Policy, shall be limited to the transactions which are entered into with a related party defined under section 2(76) of the Act."

1. All Related Party Transactions or changes therein shall be referred for approval by the Audit Committee in accordance with this Policy including those transactions prescribed under section 188 of the Act proposed to be entered in the ordinary course of its business and which are on arm’s length basis.
2. Related Party Transactions that are not in ordinary course of business but on arm’s length basis should be approved by Audit Committee. Where such Related Party Transactions fall under Section 188 (1) of the Act, the Audit Committee shall recommend the transaction for approval of the Board.
3. Related Party Transactions that are not on arm’s length basis, irrespective whether those are covered under Section 188 or not, should be placed by the Audit Committee, along with its recommendations, to the Board for appropriate action.
4. Minimum information which is required to be placed before the Audit Committee for approval of proposed Related Party Transactions are as follows,

Information to be reviewed by the Audit Committee for approval of RPTs

Si no	4.A: Information to be reviewed by the Audit Committee for approval of RPTs
a	Type, Material terms and particulars of the proposed transaction;
b	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
c.	Tenure of the proposed transaction (particular tenure shall be specified);
d.	Value of the proposed transaction;
e.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
f.	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: <ul style="list-style-type: none"> i) details of the source of funds in connection with the proposed transaction; ii) where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments, <ul style="list-style-type: none"> • nature of indebtedness; • cost of funds; and • tenure; iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
g	Justification as to why the RPT is in the interest of the listed entity;
h.	A copy of the valuation or other external party report, if any such report has been relied upon
i.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
j.	Any other information that may be relevant

The Audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Si no	B:Information to be provided to shareholders for consideration of RPTs.
a	Summary of the information provided by the management of the listed entity to the audit committee as specified in point 4 above;
b	Justification for why the proposed transaction is in the interest of the listed entity
c.	Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified

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	under point 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
d.	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders
e.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
f.	Any other information that may be relevant

5. For the ease of carrying out transactions/ contracts/ arrangements, the Audit Committee may grant omnibus approvals to certain transactions which are of repetitive nature and that such approval is in the interest of the company based on the following conditions as mentioned below. Such approval shall be valid for a period not exceeding one financial year.
- A. Criteria for making the omnibus approval which shall include the following, subject to the approval of the Board:
- I. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - II. the maximum value per transaction which can be allowed;
 - III. extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - IV. All Related Party Transaction entered into by the Company pursuant to each of the omnibus approval made shall be reviewed by the Audit Committee on a quarterly basis.;
 - V. transactions which cannot be subject to the omnibus approval by the Audit Committee.
- B. The omnibus approval shall contain or indicate the following: -
- (a) name of the related parties;
 - (b) nature and duration of the transaction;
 - (c) maximum amount of transaction that can be entered into;
 - (d) the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:
- C. Audit Committee shall not grant omnibus approval for following transactions:
- a. Transactions which are not in ordinary course of business or not on arm's length basis;
 - b. Transactions in respect of selling or disposing of the undertaking of the Company;
 - c. Transactions which are not in the interest of the Company;
 - d. Such other transactions specified under Applicable Law from time to time.

However, the Company may take Omnibus approval for continuing Related Party Transactions based on the decision of the Audit Committee or Board, as the case may be, from time to time.

6. Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the best interest of the Company.
7. 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.
8. Transactions between holding company and its wholly owned subsidiary will be governed by criteria above unless exempted under the Applicable Laws.
9. The Audit Committee will undertake quarterly evaluation of the Related Party Transactions. If that evaluation indicates that the Related Party Transaction would require the approval of the Board, or if the Board in any case elects to review any such matter, the Audit Committee will report the Related Party Transaction, together with a summary of material facts, to the Board for its approval.
10. If the Board is of the view that the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Laws considering the value being more than the amount mentioned above, the same shall be put up for approval by the shareholders of the Company. The Board shall ensure that in accordance with Applicable Laws, Related Party in the context of the contract or arrangement shall not vote on any resolution put to vote by the shareholders of the Company.
11. Where, owing to exigencies, Related Party Transactions have been entered into without being placed for approval by the Audit Committee, reasoned explanation for the same must be received to the satisfaction of the Audit Committee. The Audit Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations, and the Board may either ratify such transactions or seek to avoid the same. The Audit Committee recommendations may also include appropriate measures authorizing such transactions without approval of the Audit Committee.
12. If approval of the Board / general meeting for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified at the Board meeting / general meeting, if required, within 3 months of entering in the Related Party Transaction.
13. In any case where either the Audit Committee / Board / a general meeting determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the general meeting, as the case may be, may direct additional actions including, but not limited to, immediate

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discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification.

14. No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.
15. Audit Committee / the Board may review any Related Party Transactions involving independent directors as part of the annual determination of their independence.
16. Nothing in this Policy shall override any provisions of Applicable Laws made in respect of any matter stated in this Policy.

B. Standards for Review

A Related Party Transaction reviewed under this Policy will be considered, approved or ratified if it is authorized by the Audit Committee / Board, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Party's interests in the transaction.

The Audit Committee / Board will review all relevant information available to it about the Related Party Transaction. The Audit Committee / Board, as applicable, may approve / ratify / recommend to the shareholders, the Related Party Transaction only if the Audit Committee / Board, as applicable, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The Audit Committee / Board, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Party in connection with approval of the Related Party Transaction.

C. Determination of Ordinary Course of Business

The transactions which are incurred by the Company in carrying its main object of the Company shall be treated as transaction in the Ordinary Course of business. For determining "Ordinary Course of Business", the Company shall consider all acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, which, are done on a routine basis and are not standalone transaction(s). The Company would take into account the frequency of such activity and its continuity, in a normal organized manner, while determining what is in the ordinary course of business.

D. Determination of Arms' length nature of the Related Party Transaction

"Arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. In this regard, Transfer Pricing guidelines issued by the relevant authorities under the provisions of Income-Tax Act 1961 may be used to determine these criteria on a case to case basis.

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E. Identification of Potential Related Party Transactions

- a. The Company Secretary shall:
 - i. Identify and keep on record the Company's Related Parties, along with their personal/company details.
 - ii. Update the record of Related Parties whenever necessary and shall be reviewed at least once a year.
- b. Every director / Key Managerial Personnel of the Company or any of their relatives should not derive any undue personal benefit or advantage by virtue of their position or relationship with the Company.
- c. Every director / Key Managerial Personnel of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in or exercise influence over any such meeting.
- d. Where any director / Key Managerial Personnel, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.
- e. A contract or arrangement entered into by the Company without disclosure or with participation by a director / Key Managerial Personnel who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

F. Disclosure and Reporting

- a. The Company shall disclose related party Transactions in the Financial Statements and Annual Report of the Company in accordance with Companies Act 2013, Accounting Standards and other applicable law.
- b. The company shall also disclose the Policy on the website of the Company and in the Annual Report of the Company.
- c. The Company shall keep one or more registers as specified under Applicable Laws giving separately the particulars of all contracts or arrangements with any Related Party.

- d. In addition, as required under Regulation 23(9) of the SEBI LODR, the Company shall submit within 30 days from the date of publication of its financial results for the half year, disclosures of RPTs on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website
 - e. Details of the RPTs during the quarter shall be disclosed in the Audit Committee and Board meeting.
 - f. Details of all Material Related Party Transactions shall be disclosed quarterly along with the compliance report on corporate governance to be submitted to stock exchanges.
- (b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;
- (c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Review of the Policy:

1. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
2. Policy on related party transactions shall be reviewed and reassessed at least once in every three years or as and when warranted by any Regulatory change or exceptional circumstances updated accordingly.

AMENDMENTS

Company may amend the Policy in case of change in legal framework rules and regulation as covered in the policy. This Policy shall be reviewed by the Audit Committee of the Board as and when required. The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.

Annexure-1**Policy on Materiality of related party transactions and on dealing with related party transactions:****Objective**

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, requires a company to inter alia formulate a policy on materiality of related party transactions (including clear threshold limits duly approved by the Board of Directors).

Materiality limits

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 ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

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 into individually or taken together with previous transactions during a financial year, exceed {five} percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.



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