



IIFL Home Finance Limited

RELATED PARTY TRANSACTION POLICY

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IIFL HOME FINANCE LIMITED

Related Party Transaction Policy

I. Objective

IIFL Home Finance Limited (“the Company”) is committed for upholding the highest standards of ethics and integrity, consistently applying these principles across all aspects of its business operations.

The Company ensures that all transactions with the related parties are properly identified, reviewed and approved pursuant to the applicable law. This policy applies to any transaction wherein the Company is a participant, and the Related Party has or will have a direct or indirect material interest in the transaction. The provisions of this Policy may be amended at any time and is subjected to further guidance from the Audit Committee/ Board of Directors.

II. Guiding Act/Regulations/Rules

- a) The Companies Act, 2013 and rules made there under
- b) Ind AS – 24
- c) Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) Directions, 2025 read with Amendments dated January 05, 2026 (“RBI Directions”)
- d) Reserve Bank of India (Housing Finance Companies) Directions, 2025

III. Definitions

- (i) “Arm's Length transaction” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest, as defined in explanation (b) to Section 188 (1) of the Companies Act.
- (ii) “**Audit Committee**” or “**Committee**” means Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013.
- (iii) “**Board**” means the Board of Directors of the Company.
- (iv) “**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- (v) “**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013
- (vi) “**Lending**” in the context of a ‘related party’ shall mean extending funded or/ and non-fund-based credit facilities to related parties. While investments in debt instruments of related parties shall be covered for this purpose, equity investments shall be excluded.
- (vii) “**Material Related Party Transaction**” mean transactions as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- (viii) **“Material Modification”** Material modification will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.
- (ix) **“Senior Management”** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as Key Managerial Personnel, other than the Board of Directors, by the listed entity.”
- (x) **“Policy”** means the Policy on Related Party Transactions
- (xi) **“Related Party shall have** the same meaning as defined under sub-section (76) of Section 2 of the Companies Act, 2013, Paragraph 4(1)(va) of RBI Directions and applicable Accounting Standard which is defined as follows:
- (xii) **Specified employees** mean all employees of a NBFC who are positioned upto two levels below the Board and any employee designated as such as per the NBFC’s policy.
- (xiii) **Related Parties under Section 2(76) of the Companies Act:**
- i. A director or his relative;
 - ii. A key managerial personnel or his relative;
 - iii. A firm, in which a director, manager or his relative is a partner;
 - iv. A private Company in which a director or manager or his 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 body corporate which is:
 - a) a holding, subsidiary or an associate company of the Company;
 - b) a subsidiary of a holding Company to which it is also a subsidiary; or
 - c) an investing company or the venturer of the Company.
Explanation – For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
 - ix. A director other than an independent director or key managerial personnel of the holding company or his relative.

(xiv) Related Parties under INDAS 24:

- **Related Party: A person or entity related to the reporting entity.**

(a) A person or a close family member is a related party if that person:

- (i) has control or joint control over the reporting entity,
- (ii) has significant influence over it, or
- (iii) is a member of its key management personnel or its parent's key management personnel.

(b) An entity is a related party to the reporting entity if:

- (i) they are part of the same group
 - (ii) one entity is an associate or joint venture of the other entity (or associate or joint venture of a member of a group of which the other entity is a member)
 - (iii) both entities are joint ventures of the same third party
 - (iv) one entity is a joint venture of a third party and other entity is an associate of the same third party
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to reporting entity
 - (vi) the entity is controlled or jointly controlled by person identified in (a) above,
 - (vii) if the person identified in (a) above has significant influence over the entity or is a member of key management personnel (KMP) of the entity or its parent
 - (viii) the entity, or any member of group of which it is a part, provides key management personnel
- **Close Members of the Family of a Person:** These are family members who may be expected to influence, or be influenced by, that person in their dealings with the entity. This includes the person's children, spouse or domestic partner, brother, sister, father, mother, children of the spouse or domestic partner, and dependents of the person or their spouse or domestic partner.
 - **Related Party Transaction:** A transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(xv) Related Parties under Paragraph 4(1)(va) of RBI Directions

Related Party' with respect to a NBFC shall mean a related person, or any of the following entities:

- (a) where a related person is a partner, manager, KMP, director or a promoter; or
- (b) where a related person is a shareholder with more than ten per cent of paid-up equity share capital; or
- (c) where a related person is having control, whether singly or jointly with another person; or
- (d) where a related person controls more than twenty per cent of voting rights on account of ownership or through a voting agreement or through any other arrangement; or
- (e) where a related person has the power to nominate a director to its Board; or
- (f) which is accustomed to act on the advice, direction, or instruction of a related person; or
- (g) where a related person is a guarantor or a surety; or

- (h) where a related person is a trustee or an author or a beneficiary and where the entity is in the form of a private trust; or
- (i) which is related to the related person as a subsidiary or a parent company or a holding company or an associate or a joint venture.

Provided that nothing sub-clause (e) above shall apply in cases where the authority to nominate a director arises exclusively from a lending or financing arrangement.

Provided further that nothing in sub-clause (f) above shall apply to the advice, directions or instructions given in a professional capacity.

Provided further that Government of India/ State Government-owned or controlled entities shall not be treated as related parties to a government-owned NBFC just by virtue of the fact that the Government has the common ownership or control of such entities.

(xvi) Related Person under Paragraph 4(1)(vb) of RBI Directions

“Related Person” with respect to a NBFC shall mean a person, and the relatives of such a person, where the person:

- (a) is either a promoter, or a director, or a KMP of the NBFC; or
- (b) owns more than five per cent of paid-up equity share capital of the NBFC or can, either singly or jointly, exercise more than five per cent of the voting rights of the NBFC on account of either ownership or voting agreement or through shareholders’ agreement or through any other arrangement; or
- (c) can, through an agreement with the NBFC, nominate a director to its Board; or
- (d) is either singly or jointly, in control of the NBFC.

(xvii) ‘Relative’ has the same meaning as described in the Companies Act, 2013 and rules prescribed there under which is defined as follows:

- i. They are members of a Hindu Undivided Family;
- ii. They are husband and wife; or
- iii. A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-
 - 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; and
 - h) Sister including step sister

As per Rule 3 of the Companies (Specification of definitions details) Rules, 2014,

“related party” - For the purposes of sub-clause (ix) of clause (76) of section 2 of the Act, a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

IV. Related Party Transactions (RPT): following shall mean related party transactions:

- (a) “**Related Party Transactions**” or “**RPTs**” means transactions as given under Section 188 of the Companies Act, 2013 including Rules thereof.
- (b) 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 material 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, RBI Directives and other applicable law.

Note: Any definition not mentioned above shall have the same meaning as defined under the Companies Act, 2013, RBI Directions and applicable Accounting Standard. In case of any conflict between the applicable meanings assigned to such term under the Act and RBI Directions, the term shall be interpreted in such manner that ensures compliance with both the Act and RBI Directions.

V. COMPLIANCES/APPROVALS/PROCESSES WITH RESPECT TO RELATED PARTY TRANSACTIONS
In compliance and as provided in Section 177, 188 of the Companies Act, 2013 and the RBI Directions and other applicable provisions, the following process is put in place:

A. Approval of the Audit Committee

- a) All related party transactions and subsequent modifications shall require prior approval of the audit committee of the Company.
- b) In accordance with the provisions of Section 177 of the Act read with Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions:
 - i. The Audit Committee lays down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - ii. while granting omnibus approval, the Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
 - iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit

Committee may deem fit;

Provided that 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.

- iv. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- v. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.

The Directors, KMP, or Specified employees, shall recuse themselves from deliberations and decisions on loan proposals, or contracts and arrangements, involving themselves or their related parties. Such recusal shall also extend to any subsequent material changes to the terms of such loans, including one-time settlements, write-offs, waivers, enforcement of security, implementation of resolution plans, etc.

B. Approval of the Board

Related Party Transactions as defined under Section 188 of Companies Act, 2013 which are not in ordinary course of business and/or not on arms length basis or any subsequent modification thereto, will be placed before the Board for its approval.

The Directors, KMP, or Specified employees, shall recuse themselves from deliberations and decisions on loan proposals, or contracts and arrangements, involving themselves or their related parties. **Such recusal shall also extend to** any subsequent material changes to the terms of such loans, including one-time settlements, write-offs, waivers, enforcement of security, implementation of resolution plans, etc.,

C. Approval of Shareholders

The provisions relating to Related Party Transactions as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall not be applicable to the Company, as the Company does not fall within the ambit of a High Value Debt Listed Entity.

Accordingly, all Material Related Party Transactions, and any subsequent material modifications thereto, as defined in this Policy, shall be subject to prior approval of the shareholders of the Holding Company.

Further, while granting loans to related parties and to the specified employees of the NBFC and their relatives including personal loans to directors or KMP shall be in compliance to the material threshold and other provisions as contained in the policy on lending to related parties and specified employees.

D. Review of RPTs by Audit Committee

The audit committee shall review on a quarterly basis, the details of related party transactions

entered into by the company pursuant to each of the omnibus approvals given.

E. Monitoring of Loans to Related Parties

- i. Maintain and regularly update records of related persons/parties and loans sanctioned to them.
- ii. Report loans to specified employees and their relatives to the Board annually.
- iii. Conduct internal audit reviews quarterly or more frequently.
- vi. Report any policy deviations, with reasons, to the Audit Committee or to the Board. Any product, entity or structure formed with the objective of circumventing these Directions and identified by the auditors or by the supervisory authority shall always be treated as lending to related party

F. Disclosure

The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

VI. CRITERIA/DOCUMENTS/PROCESS FOR ALL TRANSACTIONS WITH RELATED PARTIES

- a) For all the transactions, due documentation by way of contract/agreement/bills/invoices/ should be in place.
- b) All the related party transactions shall be subject to the applicability, limits, enablement and other conditions as prescribed under the applicable Acts, Rules, Regulations and circulars and guidelines of Regulatory authorities including RBI, NHB, MCA, Income Tax, etc.
- c) In case of infrastructure and common sharing arrangement, the terms of arrangement including the nature and quality of services, consideration and other terms and conditions shall be as comparable with the terms if availed from the market/third parties.
- d) In case of purchase/ sale of fixed assets or other assets, the same shall be at market prices or per the valuer certificate.
- e) Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction and ensure that the terms are comparable with the market rates/practices at the particular point of time and on arms length basis. The following information will be taken into account when assessing a Related Party Transaction:
 - a. The terms of such transaction;
 - b. The Related Person's interest in the transaction;
 - c. The purpose and timing of the transaction;
 - d. the nature of the Company's participation in the transaction;
 - e. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
 - f. Information concerning potential counterparties in the transaction;

- g. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
 - h. Any other relevant information regarding the transaction as per the regulatory guidelines
- f) Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a special resolution in the general meeting, should be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into. If the said ratification is not done such contract or arrangement shall be voidable at the option of the Board;

Amendments to the Policy

The Board shall review and amend this Policy as and when required and as per RPT Provisions. If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities (“Regulatory Provisions”) arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provision

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