

IIFL HOME FINANCE LIMITED

Related Party Transaction Policy

I. Objective

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the applicable law. This policy applies to any transaction where the Company is a participant, and the Related Party has or will have a direct or indirect material interest in the transaction. 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) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015("Listing Regulation") as amended from time to time
- c) Ind AS - 24

III. Definitions

- (i) **"Audit Committee"** or **"Committee"** means Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013.
- (ii) **"Board"** means the Board of Directors of the Company.
- (iii) **"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- (iv) **"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act, 2013
- (v) **"Material Related Party Transaction"** mean transactions as defined under Regulation 23(1) and 23(1A) of Listing Regulations
- (vi) **"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.
- (vii) **"Policy"** means the Policy on Related Party Transactions
- (viii) **"Related Party shall have"** the same meaning as defined under Regulation 2(1)(zb) of Listing Regulation and sub-section (76) of Section 2 of the Companies Act, 2013 and applicable Accounting Standard.
- (ix) **'Relative'** has the same meaning as described in the Companies Act, 2013, which is defined as follows:

Pursuant to Section 2(76) of the Companies Act, 2013 a "related party", with reference to a

company, means-

- (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 is a member or director;
- (v) a public company in which a director or manager is a director or 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 person as may be prescribed;

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 and as defined in Regulation 2(1)(zc) of the Listing Regulations.
- (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, Listing Regulation, RBI Directives and other applicable law.

Note: Any definition not mentioned above shall have the same meaning as defined under the Companies Act, 2013, Listing Regulations and applicable Accounting Standard.

V. COMPLIANCES/APPROVALS/PROCESSES WITH RESPECT TO RELATED PARTY TRANSACTIONS

In compliance and as provided in Section 188 of the Companies Act, 2013 and the Listing Regulation the following process is put in place, the following process is put in place:

A. Approval of the Audit Committee

1. All proposed related party transactions / arrangements or any modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arms length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.
 - a. All proposed related party transactions / arrangements or any and subsequent material modifications thereof, with the details of related party, nature of transaction, reason for undertaking the transaction, confirmation on arm's length & in the ordinary course of business, duration of the transaction will be placed before the Audit Committee for prior approval.

However, 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 year and shall require fresh approvals after the expiry of one year.

- IV. Related Party Transaction to which the subsidiary of the Company is a party but the Company 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;
- V. With effect from April 1, 2023, Related Party Transaction to which the subsidiary of the Company is a party but the Company 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 standalone turnover, as per the last audited financial statements of the subsidiary company;
- VI. However, prior approval of the Audit Committee of the Company shall not be required for a Related Party Transaction to the subsidiary of the Company is itself listed entity, to which the provisions of Regulation 23, 15(2) and other specified provisions of Listing Regulations are applicable.

However Related Party Transaction of unlisted subsidiary of a listed subsidiary, prior approval of the Audit Committee of the listed subsidiary shall suffice.

- VII. All subsequent Material Modification(s) to Related Party Transaction(s) to which the subsidiary of the Company is a party but the Company is not a party, unless such transaction is 'exempt' under Listing Regulations, shall be placed before the Audit Committee of the Company for prior approval.

A. 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.

B. Approval of Shareholders

- i. All Material Related Party Transactions and any subsequent material modification as defined above shall require prior approval of the shareholders through ordinary resolution. However, prior approval of shareholders of the Company shall not be required for such cases as may be prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended or as notified by any regulatory authority.
- ii. Further, all Material Related Party Transaction(s) and subsequent Material Modification(s), to which the subsidiary of the Company is a party but the Company is not a party, unless such transaction is exempt under Listing Regulations, shall require prior approval of the shareholders of the Company

provided that if such subsidiary of the Company is itself a Listed Entity to which the provisions of Regulation 23, 15(2) and other specified provisions of Listing Regulations are applicable, then such Material Related Party Transaction(s) and subsequent Material Modification(s) need not be placed before the shareholders of the Company prior approval of shareholders of such Listed Subsidiary shall suffice.

C. Materiality Threshold

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% and for the brand usage or royalty at 5% of the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23(4) of the SEBI Listing Regulations.

D. Review of RPTs by Audit Committee

Review of transactions with related parties pursuant to Indian Accounting Standard – 24, on quarterly basis.

E. Disclosure

- i. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.
- ii. The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same.

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, SEBI, 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.
- 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;

Any other regulatory changes in this regard will stand updated in the policy from time to time.

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Version 2022.2 dated 25/01/2022 Public Document