

Document Version controller

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Reviewed By :	Sneha Patwardhan
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POLICY ON RELATED PARTY TRANSACTIONS**IIFL Finance Limited and Subsidiaries****I. Objective and applicability:**

To ensure that all transactions with the related parties are properly identified, reviewed and approved pursuant to the Applicable Laws (as defined below). The Policy on Related Party Transactions (hereinafter referred to as “**Policy**”) shall apply to transaction between the Company (including its subsidiaries) with one or more related parties.

II. Guiding Act/Regulations/Rules:

- a. The Companies Act, 2013 and rules made there under read with the circulars and notifications issued thereunder (with amendments or enactments thereof) from time to time (hereinafter referred to as “**Companies Act, 2013**”);
- b. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the circulars and notifications issued thereunder (with amendments or enactments thereof) from time to time (hereinafter referred to as “**SEBI LODR**”); and
- c. Accounting Standard – as maybe applicable.
- d. The applicable provisions of the Companies Act, 2013 and SEBI LODR are hereinafter collectively referred to as the “**RPT Provisions**” and the applicable provisions of the RPT Provisions, accounting standards and all other laws, rules, regulations, circulars, notifications etc. are hereinafter collectively referred to as the “**Applicable Laws**”.

III. Definitions:

- (i) “**Audit Committee**” or “**Committee**” means Committee of the Board of Directors of the Entity constituted under the provisions of the SEBI LODR and / or the Companies Act, 2013.
- (ii) “**Board**” means the Board of Directors of the Entity.
- (iii) “**Entity**” means IIFL Finance Limited and/or its subsidiary(ies).
- (iv) “**Listed Entity**” shall have the same meaning as defined under SEBI LODR, as amended, from time to time and shall include high value debt listed entity as defined under SEBI LODR.
- (v) “**Material Modification(s)**” means Modification to a Related Party Transaction (as defined below) which shall be considered ‘material’ as per this Policy.

- (vi) **“Material Related Party Transaction(s)”** means a Related Party Transaction as defined in this policy, which shall be considered material under SEBI LODR as may be amended from time to time.
- (vii) **“Modification”** means a modification of any kind to a Related Party Transaction.
- (viii) **“Related Party”** has the same meaning as described in SEBI LODR and the Companies Act, 2013, and applicable Accounting Standards.
- (ix) **“Related Party Transaction”** means any transaction, contract, arrangement of IIFL Finance Limited and/or its subsidiary(ies) with Related Parties including but not limited to the related party transaction as defined under SEBI LODR.
- (x) **“Relative”** has the same meaning as defined under the companies Act, 2013.

All terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Companies Act, 2013 and / or SEBI LODR, as applicable. In case of any conflict between the applicable meanings assigned to such term under the Companies Act, 2013 and SEBI LODR, the term shall be interpreted in such manner that ensures compliance with both Companies Act, 2013 and SEBI LODR.

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

In compliance with Section 177, 188 and other the applicable provisions of the Companies Act, 2013 and Regulation 23 and other applicable provisions of SEBI LODR, the following process is put in place:

A. Approval of the Audit Committee:

- a. All Related Party Transactions of the Company or any subsequent Modifications shall require prior approval of the Audit Committee of the Company.
- b. All Related Party Transactions to which the subsidiary of the Listed Entity is a party but the Listed Entity is not a party, fulfilling the criteria specified under SEBI LODR, unless such transaction is exempted under SEBI LODR, shall be placed before the Audit Committee of the Listed Entity in accordance with SEBI LODR, for prior approval.
- c. All subsequent Material Modification(s) to Related Party Transaction(s) to which the subsidiary of the Listed Entity is a party but the Listed Entity is not a party, unless such transaction is exempted under SEBI LODR, shall be placed before the Audit Committee of the Listed Entity in accordance with SEBI LODR read with

this Policy, for prior approval.

- d. The Audit Committee may grant omnibus approval for Related Party Transactions. The proposal seeking omnibus approval of the Audit Committee, with details and disclosures about the proposed Related Party Transactions specified under the RPT Provisions, may be placed before the Audit Committee and the Audit Committee may grant its approval as per the RPT Provisions with such other conditions as it may consider necessary in line with the Policy and in the interest of the Entity. Such omnibus approval, unless specified otherwise, shall be valid for the maximum period permissible under the RPT Provisions.
- e. The Audit Committee shall review, the details of Related Party Transactions entered into by the Entity pursuant to each of the omnibus approval given, at such frequency as it may deem fit and subject to the minimum interval as specified under the RPT Provisions.

B. Approval of the Board of Directors:

Related Party Transactions as specified under section 188 or any other RPT Provisions, or any subsequent Modification thereto, shall be placed before the Board for its approval, unless such transaction is exempted under the RPT Provisions. The proposal seeking approval of the Board, with details and disclosures about the proposed Related Party Transactions specified under RPT Provisions, may be placed before the Board and the Board may grant its approval as per the RPT Provisions and with such other conditions as it may consider necessary in line with the Policy and in the interest of the Entity.

C. Approval of the shareholders:

- a. In case of all Entities, any Related Party Transaction exceeding the thresholds prescribed under the Companies Act, 2013, unless exempted, shall be placed before the shareholders of the respective Entity for their prior approval through resolution as per the Companies Act, 2013.
- b. All Material Related Party Transactions and any subsequent material modification as defined above to which the listed entity is a party 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 specifically exempted under SEBI LODR and as amended from time to time.
- c. 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 specifically exempt under SEBI LODR, shall require prior approval of the shareholders of the Company. However, prior approval of shareholders of the Company shall not be required for such cases as may be prescribed under SEBI LODR as amended from time to time.

D. Subsequent Material Modification(s):

- a. A subsequent Modification in the price, fees, rent, commission or consideration by whatever name called (hereinafter referred to as “Price”), shall be considered a ‘material’ Modification if it exceeds by 10% (ten percent) of the Price approved by the Audit Committee / Board / Shareholders, as the case may be in respect of a Related Party Transaction in the nature of:
 1. *sale, purchase or supply of any goods or materials;*
 2. *selling or otherwise disposing of, or buying, property of any kind;*
 3. *leasing of property of any kind;*
 4. *availing or rendering of any services;*
 5. *appointment of any agent for purchase or sale of goods, materials, services or property;*
 6. *such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and*
 7. *underwriting the subscription of any securities or derivatives thereof, of the company.*
- b. A subsequent Modification in the principal amount or interest rate, shall be considered a ‘material’ Modification if it exceeds by 10% (ten percent) of the principal or interest rate approved by the Audit Committee / Board / Shareholders, as the case may be, in respect of a Related Party Transaction in the nature of giving or availing of loans.
- c. A subsequent Modification in the guarantee amount or guarantee commission, shall be considered a ‘material’ Modification if it exceeds by 10% (ten percent) of the guarantee amount or guarantee commission approved by the Audit Committee / Board / Shareholders, as the case may be, in respect of a Related Party Transaction in the nature of giving or availing of corporate guarantees.
- d. A subsequent Modification in the investment amount (whether by way of subscription, purchase, exchange or otherwise) or disinvestment amount (whether by way of redemption, sale, exchange, buy-back or otherwise) shall be considered a ‘material’ Modification if it exceeds by 10% (ten percent) of the investment or disinvestment amount approved by the Audit Committee / Board / Shareholders, as the case may be, in respect of a Related Party Transaction in the nature of investment or disinvestment in shares, debentures, units or any

other kind of securities.

- e. A subsequent Modification in any other type Related Party Transaction shall be considered a 'material' as per the criteria approved by the Audit Committee / Board / Shareholders, as the case may be, while approving such Related Party Transaction.

E. Disclosure:

Appropriate disclosures as required under the Act and SEBI LODR will be made in the Financial Statement, Board's Report, to the Stock Exchange(s), on the website of the Company and such other places as may be specified under any law.

V. CRITERIA/DOCUMENTS/PROCESS FOR ALL TRANSACTIONS WITH RELATED PARTIES:

- a. All the related party transactions shall be subject to the applicability, limits, enablement and other conditions as prescribed under the Applicable Laws.
- b. Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction, such that the terms are comparable with the market rates/practices at the particular point of time and on arm's-length basis.
- c. For all the transactions, due documentation by way of contract/agreement/bills/invoices/ should be in place.
- d. 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.
- e. In case of purchase/sale of fixed assets or other assets, the same shall be at market prices or as per the valuer certificate.
- 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. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy, to the extent permissible under the RPT Provisions.

VI. 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 Provisions.