RELATED PARTY TRANSACTION POLICY

INDIA INFOLINE FINANCE LIMITED

Objective:

India Infoline Finance Limited (‘the Company’) is subsidiary of IIFL Finance Limited. The Company is registered with the Reserve Bank of India as Non-Banking Financial Company not accepting / holding public deposits. The debt securities of the Company are listed on BSE Limited (‘BSE’) and National Stock Exchange of India Limited (‘NSE’). The equity shares of IIFL Finance Limited are listed on BSE and NSE. 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 in accordance with the applicable laws and is subject to further guidance from the Audit Committee/Board of Directors.

I. Guiding Act/Regulations/Rules:

1. The Companies Act, 2013 and Rules made there under
2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation”) as amended from time to time
3. Indian Accounting Standard - 24

As per the applicability, the listed company/ies (equity listed company) will be required to comply with (1), (2) & (3). As for unlisted companies, it will be required to comply with (1) and (3).

II. Definitions:

(i) “Arm’s Length transactions” means transactions between two related parties that are conducted as if they were unrelated, so that there is no conflict of interest.

(ii) “Audit Committee” or “Committee” means Committee of the Board of Directors of the Company constituted under the provisions of the Listing Regulation and / or the Companies Act, 2013.
“Board” means the Board of Directors of the Company.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013

“Material Related Party Transaction” would mean Related Party Transactions as defined under Regulation 23(1) and 23(1A) of Listing Regulations and/or contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time.

“Policy” means the Policy on Related Party Transactions

“Related Party” shall have the same meaning as defined under Regulation 2(1)(zb) of Listing Regulation, sub-section (76) of Section 2 of the Companies Act, 2013 and applicable accounting standard.

*Illustrative List of Related Party is attached as Annexure A and the said will be amended from time to time as per the changes in the group structure.

“Relative” shall have the same meaning as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

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

III. Related Party Transactions (RPT)

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 the Listing Regulation, 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.
c) 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 Regulation, RBI Directives and other applicable law.

IV. Compliances/Approvals/Processes with respect to Related Party Transactions:

In compliance and as provided in Sections 177 and 188 of the Companies Act, 2013 and the Listing Regulation, the following process is put in place:

A. Approval of the Board/ Audit Committee:
   a) All proposed related party transactions / arrangements or any modifications thereof, with the details of related party, nature of transaction, amount 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. All Related Party Transactions shall require prior approval of the Audit Committee. 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:

   - The Audit Committee lays down the criteria for granting the omnibus approval in accordance with the applicable law and the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
   - 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;
   - 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, the Audit committee may make omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
– Further, the omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
– 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;
– 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.

b) 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.

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

B. Approval of Shareholders:

a. In case of Equity Listed company, Material Related Party Transactions will be placed before the shareholders for its approval through a resolution by requisite majority;

b. In case of all companies, the following transactions will be placed before the shareholders for its approval through a resolution by requisite majority;

i. contracts or arrangements with respect to sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding ten percent or more of the turnover

ii. contracts or arrangements with respect to selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent or more of net worth

iii. contracts or arrangements with respect to leasing of property of any kind amounting to ten per cent or more of the turnover
iv. contracts or arrangements with respect to availing or rendering of any services directly or through appointment of agents amounting to ten percent or more of the turnover

v. appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees

vi. remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth

C. Review of RPTs by Audit Committee:

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

D. Disclosure:

1. Listed company (means the Company whose equity shares are listed on Stock Exchanges):

   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.

2. Unlisted companies:

   All Related Party Transactions will be disclosed in annual report, results and other filings, as may be applicable, made by the Company to the extent required as per the applicable provisions of the laws and regulations.

In terms of General Circular No. 30/2014 dated July 17, 2014 issued by MCA, all existing contracts approved pursuant to Section 297 of the Companies Act, 1956 will not require fresh approval under the said section 188 till the expiry of the original term of such contracts.
V. Related Party Transaction - IIFL Finance Limited and Group Companies:

For the purpose of meeting business requirements, IIFL Finance Limited and group companies, inter se, enter into various transactions, contracts and arrangements.

The nature of transactions and the approval/reporting process for all such transactions are as follows:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Whether in ordinary course of business*</th>
<th>Whether on arm's length basis*</th>
<th>Approval for Equity Listed Companies (Holding Company)</th>
<th>Approval for Other companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease arrangements/infrastructure sharing</td>
<td>Yes</td>
<td>Yes</td>
<td>Approval of Audit Committee</td>
<td>Approval of Audit Committee</td>
</tr>
<tr>
<td>Sub lease</td>
<td>No (except For IIFL Facilities Limited)</td>
<td>No</td>
<td>Approval of Audit Committee</td>
<td>Approval of the Board and Audit Committee</td>
</tr>
<tr>
<td>Loan including ICDs, CPs, guarantees and investments</td>
<td>Yes</td>
<td>Yes</td>
<td>Approval of Audit Committee</td>
<td>Approval of Audit Committee</td>
</tr>
<tr>
<td>Service charges (brokerage/DP, etc)</td>
<td>Yes</td>
<td>Yes</td>
<td>Approval of Audit Committee</td>
<td>Approval of Audit Committee</td>
</tr>
<tr>
<td>Any other transaction</td>
<td>Yes</td>
<td>Yes</td>
<td>Approval of Audit Committee</td>
<td>Approval of Audit Committee</td>
</tr>
</tbody>
</table>

* if “No” under any of the conditions as mentioned in *, then Board approval will be obtained for such transactions.

VI. Criteria/Documents/Process for all transactions with Related Parties:

1. For all the transactions, due documentation by way of contract/agreement/bills/invoices/ should be in place.

2. 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, SEBI, MCA, Income Tax, etc.
3. 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.

4. In case of purchase/sale of fixed assets or other assets, the same shall be at market prices or per the valuer certificate.

5. 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 arm’s 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.

6. 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.