



IIFL WEALTH FINANCE LIMITED

RELATED PARTY TRANSACTION POLICY

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RELATED PARTY TRANSACTION POLICY

Objective:

IIFL Wealth Finance Limited ('the Company') is step-down subsidiary of IIFL Holdings Limited and wholly-owned subsidiary of IIFL Wealth Management 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'). The equity shares of IIFL Holdings Limited are listed on BSE and NSE. IIFL Holdings Limited together with its subsidiaries is referred as IIFL Group. 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. Clause 49 of the Equity Listing Agreement, as may be applicable as amended from time to time
3. Indian Accounting Standard - 23

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) "**Audit Committee**" or "**Committee**" means Committee of the Board of Directors of the Company constituted under the provisions of the Listing agreement, as may be applicable and / or the Companies Act, 2013.
- (ii) "**Board**" means the Board of Directors of the Company.
- (iii) "**Control**" shall have the same meaning as defined in Companies Act, 2013
- (iv) "**Key Managerial Personnel**" means key managerial personnel as defined under the Companies Act, 2013
- (v) "**Material Related Party Transaction**" means a transaction with a related party if the transaction / transactions 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 company as per the last audited financial statements of the company.

- (vi) **“Policy”** means the Policy on Related Party Transactions
- (vii) **“Related Party”** and **‘Relative’** has the same meaning as described in Clause 49 of the Equity Listing agreement, as may be applicable and 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 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 such 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.

- (i) 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.

Pursuant to clause 49 of the Listing Agreement, as may be applicable a 'related party' is a person or entity and an entity shall be considered as related to the company if:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable accounting standards."

III. Related Party Transactions (RPT)

- a) As per Clause 49(VII) of the Listing agreement, as may be applicable 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.
- 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 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, as may be applicable, RBI Directives and other applicable law.
- c) 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 be considered as "Related Party Transactions;
 - a. sale, purchase or supply of any goods or materials;
 - b. selling or otherwise disposing of, or buying, property of any kind;
 - c. leasing of property of any kind;
 - d. availing or rendering of any services;
 - e. appointment of any agent for purchase or sale of goods, materials, services or property;
 - f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - g. underwriting the subscription of any securities or derivatives thereof, of the company.

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 agreement, as may be applicable, 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 arms 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. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
 - 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 arms 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, as may be applicable, Material Related Party Transactions will be placed before the shareholders for its approval through a resolution;
- b. In case of all companies, the following transactions will be placed before the shareholders for its approval through special resolution:-
- (i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more] of the turnover of the company or rupees one hundred crore, whichever is lower;
 - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower;
 - (iii) leasing of property any kind amounting to ten percent or more] of the net worth of company or ten percent or more of turnover of the company or rupees one hundred crore, whichever is lower;
 - (iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more] of the turnover of the company or rupees fifty crore, whichever is lower;

Explanation.- It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

C. Review of RPTs by Audit Committee:

Review of transactions with related parties pursuant to Indian Accounting Standard – 23, 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.

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

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.

V. RELATED PARTY TRANSACTION UNDER IIFL GROUP:

For the purpose of meeting business requirements, IIFL Holdings Limited and its subsidiaries (IIFL Group entities), 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:

Transaction	Whether in ordinary course of business*	Whether on arms length basis*	Procedure
Lease arrangements/infrastructure sharing	Yes	Yes	Approval of Audit Committee
Sub lease	No (except for IIFL Realty)	No	Approval of the Board and Audit Committee
Loan including ICDs, CPs, guarantees and investments	Yes	Yes	Approval of Audit Committee
Service charges (brokerage/DP, etc)	Yes	Yes	Approval of Audit Committee
Any other transaction	Yes	Yes	Approval of Audit Committee

** 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 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.
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 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, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders 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.;

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

List of IIFL Group entities:

Sr. No.	Name of Group Entities
1	IIFL Holdings Limited
2	India Infoline Finance Limited
3	IIFL Facilities Services Limited
4	IIFL Wealth Management Limited
5	IIFL Insurance Brokers Limited
6	IIFL Commodities Limited
7	IIFL Management Services Limited
8	India Infoline Media and Research Services Limited
9	IIFL Securities Limited
10	India Infoline Foundation
11	IIFL Asset Reconstruction Limited
12	India Infoline Home Finance Limited
13	Samasta Microfinance Limited
14	Clara Developers Private Limited
15	IIFL Distribution Services Limited
16	IIFL Asset Management Limited
17	IIFL Investment Adviser and Trustee Services Limited
18	IIFL Alternate Asset Advisors Limited
19	IIFL Trustee Limited
20	IIFL Wealth Management IFSC Limited
21	IIFL Asset Management (Mauritius) Limited
22	IIFL Private Wealth Management (Dubai) Limited
23	IIFL Private Wealth (suisse) SA.
24	IIFL Private Wealth Hong Kong Limited
25	IIFL (Asia) Pte. Limited
26	IIFL Capital Pte. Limited
27	IIFL Securities Pte. Limited
28	IIFL Inc.
29	India Capital (Canada) Limited
30	IIFL Capital Inc.
31	IIFL Wealth (UK) Limited

Format for approval

Sr.	Nature and purpose of Transaction	Name of the party with whom transaction is to be entered	Nature of interest	Terms of transaction (s) along with Supporting	Amount involved	Valuation Methodology / Pricing Criteria