

DIRECTOR'S REPORT **FY 2023-24**

Dear Members,

It is our immense pleasure to present the Eighteenth (18th) Annual Report of your Company for the financial year ended March 31, 2024. It covers the business performance and operations of the Company, along with the Audited Standalone and Consolidated Financial Statements for the financial year ended on March 31, 2024.

1. Financial Summary

The Company's financial performance for the financial year ended on March 31, 2024 is presented below:

Consolidated and Standalone Financial Results

The Company's financial performance for the year under review is summarised below:

(₹ in Crores)

| Particulars | Consolidated | | Standalone | |
|--|----------------|---------------|-----------------|---------------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| Gross Total Income | 3316.76 | 2,709.32 | 3,293.59 | 2,702.47 |
| Less: Expenditure | 2002.41 | 1,708.80 | 1,965.38 | 1,679.58 |
| Profit before Share of Profit of Associate and Tax | 1314.35 | 1000.52 | 1328.21 | 1,022.89 |
| Profit from Associate | - | 3.76 | - | - |
| Profit before Tax | 1314.35 | 1004.28 | 1,328.21 | 1022.89 |
| Less: Taxation | 297.80 | 236.16 | 301.37 | 232.57 |
| Net Profit after Tax | 1016.55 | 768.12 | 1,026.84 | 790.32 |

- The Standalone and Consolidated Financial statements for the year under review have been prepared in accordance with the relevant provisions of the Companies Act, 2013.
- The financial results and revenue from operations, including major developments have been discussed in detail in the Management Discussion and Analysis Report attached to this Annual Report.
- The standalone and the consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) applicable to the Company.

Financial Performance

Consolidated

On a consolidated basis, your Company has recorded an excellent performance with a turnover of ₹ 3316.76 Crores during FY24 as against ₹ 2709.32 Crores in the previous year and a profit after tax of ₹ 1016.55 Crores as against ₹ 768.12 Crores in the previous year.

Standalone

On a standalone basis, your Company recorded an exceptional performance with a turnover of ₹ 3,293.59 Crores during FY24 as against ₹ 2702.47 Crores in the previous year and a profit after tax of ₹ 1026.84 Crores as against ₹ 790.32 Crores in the previous year.

The Company's strong liquidity position provides significant headroom for growth. The Company has a CRAR of 42.84% as on March 31, 2024 as compared to 47.28% as on March 31, 2023.

2) Change in the Nature of Business

During the year, there has been no change in the nature of the business of the Company.

3) Review of Business

Operational Highlights in brief

- The aggregate Assets under Management (AUM) of the Company stood at ₹ 35,498.55 Crores as on March 31, 2024. This represents a year on year (YoY) growth of 25% as compared to March 31, 2023.
- The Company disbursed 12,861 Crores during FY 24, an increase of 28% over FY 2022-23.
- The Company has 396 branches across India.
- The Company has reported 32% increase in its profitability at a consolidated level with a net profit of ₹ 1,016.55 Crores for the year ended March 31, 2024 as compared to a net profit of ₹ 768.12 Crores for the year ended March 31, 2023.

Total Income has increased from ₹ 2,709.32 Crores for the year ended March 31, 2023 to ₹ 3,316.76 Crores for the year ended March 31, 2024.

At the segment level, there is 37% growth in the loan book of Home Loans and growth of 11% in the LAP segment. The total loan book has grown by 29% y-o-y to ₹ 23,282.29 Crores as on March 31, 2024.

During the year, your Company has recorded an excellent performance and intends to keep up the growth prospects in coming future.



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4) Resource Mobilisation

During the year under review, your Company has continued to diversify the sources of funds includes public sector bank, private sector bank, National Housing Bank and other financial institutions. Your Company vide Special Resolution passed on March 31, 2023, under Section 180 (1) (c) of the Companies Act, 2013, authorized the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of the aggregate of paid up share capital and free reserves of the Company up to an amount of ₹ 35000 Crores (Rupees Thirty Five Thousand Crores only) and the total amount so borrowed shall remain within the limits.

Non-Convertible Debentures

During the year under review, the Company issued Secured Redeemable Non-Convertible Debentures aggregating to an amount of ₹ 1,140 Crores on private placement basis. The Company has also raised ₹ 250 Crores by way of issuance of Commercial paper. Further, the Company redeemed /bought Back Non-Convertible Debentures amounting to ₹ 76.90 Crores, issued on private placement basis.

The Company has been regular in making payments of principal and interest on NCDs. During the year under review, the Non-Convertible Debentures were paid / redeemed by the Company on or before their respective due dates. As of March 31, 2024, outstanding Secured Non-Convertible Debentures stands at ₹ 3,250.79 Crores and outstanding Unsecured Non-Convertible Debentures amount to ₹ 937.12 Crores.

Disclosure Under Chapter XI Guidelines on Private Placement of Non-Convertible Debentures (NCDs) of RBI Master Directions:

- (i) The total number of NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption is 6,833 NCDs.
- (ii) The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred aforesaid ₹ 76, 61,763.

Term Loans and Other Borrowings

During the year under review, the Company availed ₹ 2,500 Crores of refinance facilities from NHB under various refinance schemes of NHB. Further, the Company raised funds by way of borrowing from term loans ₹ 2,893.10 Crores. As on March 31, 2024, total outstanding borrowings excluding NCDs stood at ₹ 13,292.99 Crores.

Assignment of Loans

During the year under review, the Company assigned the receivables of housing loan portfolio aggregating to ₹ 1,775.94 Crores and Non-housing loan portfolio aggregating to ₹ 460.73 Crores. The Company was appointed as a servicer

by the Assignee/Trustee to collect and receive payment of the receivables from the assigned Assets.

5) Dividend

During the year under review, considering the performance of the Company and the liquidity buffer available with the Company, your Directors recommended an Interim Dividend of ₹ 55 per equity share of face value of ₹ 10 each. The dividend was paid to those shareholders whose names were registered in the Register of Members as on January 19, 2024 being the record date. Total outgo towards payment of Dividend was ₹ 144,89,55,090. Your Directors recommend that the said Interim Dividend be considered as final.

6) Transfer to Reserves

Pursuant to Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. During the year under review, the Company transferred ₹ 205.40 Crores (20% of Net Profit for the year) to Special Reserve. As on March 31, 2024, the said Reserves stood at ₹ 766.47 Crores. The balance in General Reserves stood at ₹ 143.86 Crores.

7) Share Capital

Authorised Share Capital

As on March 31, 2024, Authorised Share Capital of the Company was ₹ 1,72,00,00,000 (Rupees One Hundred and Seventy-Two Crore Only) divided into 15,20,00,000 (Fifteen Crore and Twenty Lakh) Equity Shares of ₹ 10 (Rupees ten only) each and 2,00,00,000 (Two crore) Preference Shares of ₹ 10 (Rupees Ten only) each.

Paid-up Share Capital

As on March 31, 2024, the paid up share capital of the Company stands at ₹ 26,34,46,380 comprising of 2,63,44,638 equity shares of ₹ 10 each.

8) Public Deposits

The Company is registered with National Housing Bank as a non-deposit taking housing finance Company. During the year under review, your Company has not accepted/renewed any public deposit. The provisions of Section 73 of the Companies Act 2013, read with applicable rules thereto and disclosure requirement under the para 44 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 are not applicable to the Company.

9) Employee Stock Option Schemes

Your Company has formulated Employee Stock Option Scheme ("Scheme"), which have been duly approved by

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the shareholders of the Company in their meeting held on August 04, 2022. The Schemes have been devised in accordance with the Companies Act, 2013 with amendments or any enactments thereof, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (to the extent applicable).

The Company has approved to create, issue, offer and allot options exercisable into Equity Shares not exceeding 5,37,746 (Five Lakh Thirty-Seven Thousand Seven Hundred Forty-Six Only) options, with each such option conferring a right upon the Employee (as defined in the Scheme) to apply for one equity share of the Company, in accordance with the terms and conditions of such grant. Further, during the year under review pursuant to the Scheme the Nomination and Remuneration Committee approved to grant 4,85,126 to 86 employees of the Company, out of which 50% i.e. 2,42,563 ESOPs granted w.e.f. October 01, 2023, rest 50% ESOPs granted w.e.f. April 01, 2024.

In line with the Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the details related to options granted under the Employee Stock Option Scheme as on March 31, 2024 is provided in **Annexure II(a)**.

10) Investor Education and Protection Fund

The amount due on Non-Convertible Debentures remaining unclaimed for period of seven years from the date they become due for payment have been transferred to Investor Education and Protection Fund in accordance with the Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") and other relevant provisions of the Act. During the year, the Company has transferred 0.81 Crores to the Investor Education and Protection Fund (IEPF). The concerned debenture holders can claim the interest from IEPF.

11) Internal Financial Control with Reference to Financial Statements

The Company has in place adequate internal controls with reference to Financial Statements and operations and the same are operating effectively. The Internal Auditors tested the design and effectiveness of the key controls, and no material weaknesses were observed in their examination. Further, Statutory Auditors verified the systems & processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively as of March 31, 2024.

12) Vigil Mechanism

In Compliance with the provisions of Section 177(9) of the Companies Act, 2013, read with the Rules made thereunder, the Company has adopted a Whistle Blower Policy and has

established the necessary vigil mechanism for employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy. The Policy also provides for adequate safeguard against victimisation of Whistle Blower who avails of such mechanism and also provides for the access to the Chairman of the Audit Committee. None of the Whistle Blowers have been denied access to the Audit Committee. Whistle Blower Policy is uploaded on website of the Company at <https://www.iiflhomeloans.com/corporate-governance>.

13) Prevention of Sexual Harassment of Women at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and has strong 'Policy for Prevention Of Sexual Harassment (POSH)' at workplace to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide a procedure for redressal of complaints pertaining to such harassment. In order to sensitise the employees about the policy, the Company has placed the policy on intranet portal of the Company for ease of access and unified dissemination of the policy to each and every employee of the Company.

The Company also has an Internal Complaints Committee (ICC) constituted in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with its allied Rules. The committee is responsible for conducting inquiries pertaining to complaints under the Act. Specialised training for ICC members is conducted every year and all the employees undergo POSH training module periodically.

During the year, ICC has received 'NIL' complaints of sexual harassment from the employees of the Company. The Company ensures to sensitize its employees on regular basis about prevention and prohibition of sexual harassment.

14) Credit Ratings

During the year under review, the Company's long term debt was rated BWR AA+ (Negative) by Brickworks Ratings, CRISIL AA/Watch Developing (Placed on 'Rating Watch with Developing Implications') by CRISIL Rating Limited, [ICRA] AA; Placed on 'Rating Watch with Negative Implications' by ICRA Limited; CARE AA (RWD) Placed on Rating Watch with negative Implications by CARE Ratings Limited and IND AA/Watch With Negative Implication by India Ratings and Research.

15) Anti-Corruption Mechanism

It is the Company's vision - "To become the most respected company in the financial services space in India." Accordingly, we have an Anti-Corruption framework which consists



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of Anti-Corruption, Gift and Whistle Blower/Vigilance policies applicable to all our employees. The Company has responsibility to be transparent in all our dealings towards both the stakeholders and to the communities with which we conduct business.

The Company has a zero tolerance approach towards bribery and other forms of unlawful activities. Our Anti-Corruption framework ensures that stakeholders do not engage in bribery or corruption in any form. In all our policies, we explicitly stipulate that neither the Company nor its representative will pay or procure payment of a bribe or unlawful fee to encourage the performance of a task or one which is intended or likely to compromise the integrity of another. The Company does not accept any payment, gift or inducement from a third party which is intended to compromise our own integrity.

E-learning training on anti-corruption is mandatory for all employees to ensure a clear understanding of Anti-Corruption Policy and ways to mitigate such risks.

16) Particular of Holding / Subsidiary / Associate Companies

IIFL Finance Limited is the Holding Company of your Company and is one of the leading players in the Indian financial services space. It provides along with its subsidiaries home loans, gold loans, loans against property, medium and small enterprise financing, micro finance, construction and real estate finance and capital market finance, catering to both retail and corporate clients.

IIHFL Sales Limited is a wholly owned subsidiary of the Company. IIHFL Sales Limited offers professional/consultancy services that include sourcing, marketing, promoting, publicizing, advertising, brand building, selling and distributing, among others. It also intends to provide all kinds of advisory/consultancy services and fees-based intermediation, syndication and liasoning services. And there is no material change in the nature of business during the year under review.

As per provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (Listing Regulations) IIHFL Sales Limited does not fall under criteria of "material subsidiary". Further, the Company has framed a policy on Determination of Material Subsidiary and the same has been placed on the website of the Company.

Pursuant to the provisions of Section 129(3) of the Act, your Company has prepared Consolidated Financial Statements of the Company, which forms part of this Annual Report. Further, a Statement containing salient features of Financial Statement of the Subsidiary in the prescribed format AOC-1 pursuant to Section 129(3) of the Act read with the Companies (Accounts) Rules, 2014, is annexed with the Financial Statements. In accordance with Section 136 (1) of the Act, the Annual Report of your Company containing

inter alia, Financial Statements including Consolidated Financial Statements, has been placed on our website at <https://www.iiflhomeloans.com/reports>.

Your Company does not have any joint venture and associate company at any time during the year ended March 31, 2024.

17) Code of Conduct for Prevention of Insider Trading in Company's Securities

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has complied and formulated a Code of Conduct for Prevention of Insider Trading Policy, which prohibits trading in securities of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company. The objective of this Code is to prevent misuse of any price sensitive information and to prevent any insider trading activity by way of dealing in securities of the Company by its Designated Persons.

Mr. Ajay Jaiswal, Company Secretary and Compliance Officer of the Company is authorized to act as Compliance Officer under the Code. Further the Company has maintained a Structural Digital Database (SDD) pursuant to provisions of regulations 3 (5) and (6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

18) Risk Management

Risk management is an indispensable part of the Company's strategy. The Company operates in an environment wherein various types of risks emanating from internal as well as external sources which, if not managed properly, could lead to disruption in business and impact the attainment of main objectives of the organisation.

In order to safeguard and facilitate proactive management of risk, the Company has Board approved Risk Management Policy in place and created a comprehensive "Enterprise Risk Management Framework (ERM) which is designed to identify, measure, monitor, control and mitigate various types of risk. The Company's Risk Management strategy is governed by the Board with the assistance from it's Risk Management Committee that regulates and oversees enterprise-wide risk management, ensuring it to develop a sustainable business, creating the long term value for our stakeholders.

Risk Management Department identifies, analyse and takes measures to mitigate various risks faced by the Company. The department is guided by the Company's Risk Management Committee and the Senior Management to develop and implement Risk Assurance practices through organisation. The risk management framework institutionalized in the Company is supported by a "Three Lines of Defense" approach. Business functions act as the first line of defense, control functions like Risk Management and Compliance act as second line of defense and the Internal Audit acts as the third line.

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19) Directors and Key Managerial Personnel

As on March 31, 2024, the Company has nine Directors comprising of one Executive Director, and eight Non-executive Directors including five Independent Directors and one Nominee Director.

During the year under review, Mr. Kranti Sinha (DIN- 00001643), an Independent Non-Executive Director resigned, with effect from August 08, 2023 due to some personal reasons. Your Directors wish to place on record appreciation for the contribution made by Mr. Kranti Sinha during his tenure as an Independent Non-Executive Director.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Mathew Joseph (DIN: 01033802) as an Independent Non-Executive Director of the Company with effect from October 31, 2023. The Members in their Extra-ordinary General Meeting held on January 30, 2024 approved the appointment of Mr. Mathew Joseph (DIN: 01033802) as an Independent Non-Executive Director of the Company with effect October 31, 2023, to hold office for a term of five consecutive years. The detailed profile of Mr. Mathew Joseph is provided in the Corporate Governance Report.

Changes in Board Composition after March 31, 2024

- The Board of Directors on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Ramakrishnan Subramanian (DIN: 02192747) as an Additional Director in the capacity of Independent Director of the Company with effect from April 01, 2024 for a term of five consecutive years, subject to approval of the Members at the ensuing General Meeting.
- The two terms of Mr. Srinivasan Sridhar (DIN: 00004272) as an Independent Director of five consecutive years each had expired on March 31, 2024 (with effect from close of business hours).
- Considering Mr. Sridhar's ongoing participation, leadership and mentorship would be invaluable in guiding the Company to achieve its strategic objectives and navigating to the next phase of growth, Board upon recommendation of Nomination and Remuneration Committee appointed Mr. Sridhar as the Chairman and an Additional Director in the capacity of Non-Executive Director on the Board of the Company, effective from April 01, 2024, subject to the approval of shareholders at the ensuing General Meeting.
- The tenure of Mr. A K Purwar (DIN: 00026383), independent Director stands expired on March 31, 2024 from close of business hours due to completion of tenure of Mr. Purwar as an Independent Director on the Board of IIFL Finance Limited, Holding Company. Your Board wish to place on record the invaluable contribution of Mr. Purwar to the growth of the Company.

Non-Executive Directors

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. Nirmal Jain (DIN: 00010535), Non-Executive Director is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for reappointment. The Board recommends the same for shareholders' approval.

Disclosure under Section 197(14) of the Companies Act 2013

The CEO of the Company has not received any commission from the Company's subsidiary company.

Key Managerial Personnel

During the year under review, Mr. Gaurav Seth, appointed as Chief Financial officer and Whole-time Key Managerial Personnel of the Company w.e.f. October 17, 2023 in place of Mr. Amit Gupta. Due to internal restructuring within the Company, Mr. Amit Gupta re-designated as Head Finance of the Company.

Mr. Monu Ratra, Executive Director & CEO, Mr. Ajay Jaiswal, Company Secretary and Mr. Gaurav Seth, Chief Financial Officer are the Key Managerial Personnel (KMPs) in accordance with the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

20) Number of Meetings of Board

During the period under review, Six (6) Board meetings were held and the gap between the said meetings did not exceed the limit of 120 days as prescribed under the provisions of Companies Act, 2013, and Rules made thereunder, Secretarial Standard-I Issued by Institute of Company Secretaries of India and provisions of SEBI Listing Regulations. The dates of Board meetings and details of attendance of each director have been disclosed in the Corporate Governance Report annexed with Board's Report as **Annexure-V**.

21) Committees of the Board

The Company believes that Board Committees are crucial to promote best Corporate Governance practices within the Company. Accordingly, the Company has constituted various Board Committees to improve the Board efficiency and to support in decision making. The constitution of these Committees is in acquiescence of provisions of the Companies Act, 2013, and relevant rules made thereunder, SEBI Listing Regulations, applicable regulations of National Housing Bank/Reserve Bank of India, Articles of Association and other guidelines issued from time to time. The details of the Board Committees of the Company including number & date of meetings of Committees held during the FY 2023-24 and attendance there at are disclosed



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in the Corporate Governance Report annexed with Board's Report as **Annexure-V**.

22) Code of Conduct for directors and Senior Management Personnel

The Code of Conduct for Directors and Senior Management Personnel of the Company is in conformity with the requirements of the Listing Regulations and is placed on the website of the Company.

All the Directors of the Company and Senior Management Personnel have affirmed compliance with Company's Code of Conduct for Directors and Senior Management during the year and a declaration to that effect, signed by the CEO of the Company is enclosed to this Annual Report.

23) Directors & Officers Insurance Policy

The Company has an appropriate Directors and Officers Liability Insurance Policy which provides indemnity in respect of liabilities incurred as a result of their office. The policy is renewed every year.

The coverage of the insurance extends to all directors of the Company including the Independent Directors.

24) Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations. The performance of the board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017. In a separate meeting of Independent Directors, Performance of Non-Independent directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors. The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. At the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees, and individual directors was also discussed.

In this regard, the Board of Directors considers that the Independent Directors on the Board of the Company has the required level of expertise, experience and integrity as is required for the position.

25) Familiarization Program for Independent Director

In accordance with the provisions of Regulation 25(7) and 62 of the Listing Regulations, the Company familiarises its independent directors at regular intervals, with their roles and responsibilities and the business strategies of the Company. Apart from the aforementioned, the Company also update the independent directors periodically with the recent changes in statutory provisions applicable on the Company and/or any change /addition in the business operations of the Company. The details of familiarization program conducted during the year are provided in the Corporate Governance Report and is also available on the website of the Company.

26) Internal Guidelines on Corporate Governance

The Reserve Bank of India (RBI) vide its Notification No. RBI/2020-21/73 DOR.FIN.HFC.CC. No. 120/03.10.136/2020-21 February 17, 2021 prescribed Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions) for housing finance Companies. The RBI HFC Directions, inter alia, requires all the Housing Finance Companies to put in place an Internal Guidelines on Corporate Governance and a Policy on "fit and proper" criteria for Director/s at the time of appointment, and on a continuing basis, with the approval of the Board of Directors of the Company. The Company has Internal Guidelines on Corporate Governance and the same is placed on the website of the Company.

27) Statement of declaration by Independent Directors

In terms of provisions of sub-section (7) of Section 149 of the Companies Act, 2013 and Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has received declarations by Independent Directors stating and confirming that they are not disqualified to act as Independent Directors on the Board of the Company and further the Board is also of the opinion that the Independent Directors fulfil all the conditions specified in the Companies Act, 2013 making them eligible to act as the Independent Director.

28) Auditors and Reports:

M/s. S. R. Batliboi & Associates LLP (Firm Registration Number: 101049W/E300004) and M/s. Suresh Surana & Associates LLP, (Firm Registration Number: 121750W/

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W100010)are the Joint Statutory Auditors of the Company, to hold office for a period of three consecutive years from the date of their appointments. M/s. Suresh Surana & Associates, had been appointed as the Statutory Auditors of the Company in the 24th Extra-ordinary General Meeting ("EGM") of the Company held on September 30, 2021, in conformity with the provisions of RBI Guidelines, Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (includes amendments thereto) for a term of 3 years. The tenure of M/s. Suresh Surana & Associates LL,P shall expire from the conclusion of 18th Annual General Meeting of the Company.

29) Auditors Report

The Audit Report as issued by M/s. S. R. Batliboi & Associates LLP., Chartered Accountants and M/s. Suresh Surana & Associates LLP, Chartered Accountants), Statutory Auditors of the Company forming part of the Company's Financial Statements does not contain any qualifications, observations or remarks made by the Statutory Auditors in their Report.

30) Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

31) Maintenance of Cost Records:

The Company being a Housing Finance Company is not required to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013.

32) Regulatory Guidelines

The Company has duly complied with the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, Capital Adequacy, concentration norms and ALM requirements, among others, as in force from time to time.

The Company has been maintaining capital adequacy as prescribed by RBI. The Capital adequacy was 42.84% (IND-AS) (as against 15% prescribed by the RBI) as on March 31, 2024.

Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs

The Reserve Bank of India in 2021 issued Scale Based Regulation (SBR) a revised regulatory framework for NBFC's which is applicable to your Company being an NBFC HFC category falling under middle layer.

The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc., the RBI decided to first issue an integrated regulatory framework for NBFCs under SBR providing a holistic view of the SBR structure and set of fresh regulations was issued during the financial year 2023-24.

With respect to above, the RBI has issued various circulars/guidelines in the Financial Year 2021-22, 2022-23 and 2023-24 which were duly implemented by the Company including formation of policies, implementing procedures and to review their outcome on periodic basis.

IRDAI Compliance

The Company is registered with IRDAI for carrying on the Insurance Agency Business and has complied with the applicable requirements under Insurance Regulatory and Development Act, 1999 and IRDAI (Registration of Corporate Agent) Regulations 2015, as amended from time to time. Being an insurance intermediary, Company is maintaining all the required information as per IRDAI regulations.

33) Remuneration Policy

The Board of Directors of the Company approved the Nomination and Remuneration Policy on recommendation of the Nomination and Remuneration Committee. Objective of the Policy is to have adequate composition of the Board comprising of Executive, Non-Executive and Independent Directors and appointment and removal of Directors, Key Managerial Personnel (KMPs). The Policy also provides for remuneration to Directors, KMPs and senior management, involves balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company and its goal. The Remuneration Policy is placed at website of the Company at <https://www.iiflhomeloans.com/corporate-governance>.

34) Material Changes and Commitments affecting the Financial Position of the Company

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

35) Significant and Material Orders

During the year, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

36) Corporate Social Responsibility

The Corporate Social Responsibility ("CSR") Committee of the Board has formulated and recommended to the



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Board a CSR Policy indicating the CSR activities that can be undertaken by the Company. The Board approved the CSR Policy which is available on the website of the Company at <https://www.iiflhomeloans.com/corporate-governance>.

The CSR projects of the Company are guided by the same values that guide the business of IIFL Group Companies. It can be summarised in one acronym: -HELP, which stands for Health, Education, Livelihood and Poverty Alleviation.

Most of the activities are undertaken through the India Infoline Foundation (generally referred to as "IIFL Foundation"), a CSR arm of the IIFL Group. During the year under review, your Company was required to spend 2% of its average net profits (computed as per the relevant provisions of the Companies Act, 2013) of the preceding years on CSR projects. The details of the amount spent and unspent are provided in the Annual Report on CSR which is enclosed at **Annexure I**.

37) Particulars of Employee

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure II(b)**.

Further, a statement showing the names and other particulars of employees drawing remuneration as per the limits set out in Rules 5(2) and 5(3) of the aforesaid Rules, forms part of this Report. However, in terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the Rules, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy will be sent.

38) Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was conducted by M/s RMG & Associates, Practising Company Secretaries for the FY 2023-24. The Secretarial Audit does not contain any qualifications and the same is annexed as **Annexure III** to this Report.

39) Annual Secretarial Compliance Report

The Board of Directors of the Company has appointed M/s RMG & Associates, Practising Company Secretaries Firm to conduct an annual secretarial audit for FY 2023-24 on compliance with all applicable SEBI Regulations and circulars/guidelines issued there under. The Secretarial Auditors issued the Secretarial Compliance Report (the Report) Pursuant to the provisions of Regulation 24A of

the Listing Regulations read with SEBI circular dated February 08, 2019.

40) Corporate Governance

Pursuant to the requirements of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). Related Party Transaction Policy and a Report of the Directors on Corporate Governance forms part of this report and are placed at **Annexure IV** and **Annexure V**, respectively.

41) Management Discussion and Analysis Report

In accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions), the Management Discussion and Analysis Report forms part of this report and is provided in this Report at **Annexure VI**.

42) Annual Return

As required under Section 92(3) of the Act and the Rules made thereunder and amended from time to time, the Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company, i.e., www.iiflhomeloans.com.

43) Secretarial Standards

The Board confirms that the Company complied with all applicable mandatory Secretarial Standards for the FY 2023-24.

44) Name & Contact Details of Debenture Trustees

a. Vistra ITCL (India) Limited

(Formerly known as IL&FS Trust Company Limited)
The Qube, 6th Floor, A Wing, Hasan Pada Road, Mittal Industrial Estate, Marol, Andheri (E), Mumbai - 400059
E-mail: mumbai@vistra.com

b. Catalyst Trusteeship Limited

(Erstwhile GDA Trusteeship Limited)
Unit No- 901, 9th Floor, Tower B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013
E-mail: dt.mumbai@ctltrustee.com

45) Directors' Responsibility Statement

The Board acknowledges its responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the

DIRECTOR'S REPORT (CONTD)

preparation of annual accounts for the year ended as of March 31, 2024 and states that:

- a. In the preparation of the Annual Accounts, the applicable Accounting Standards were followed along with proper explanations relating to material departures;
- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the Annual Accounts on a going concern basis;
- e. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and were operating effectively; and
- f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

46) Particulars of Loans, Guarantees or Investments

As the Company is a Housing Finance Company, the disclosures regarding the particulars of the loans made, guarantees given and security provided are exempt under the provisions of Section 186(11) of the Companies Act, 2013. As such the particulars of loans and guarantees have not been provided in this Report.

Your Company has committed to invest upto Rs 25 crore to acquire 5% stake in the RMBS Development Company Limited consortium as a founding member.

RMBS Development Company Limited is aimed at revitalizing the residential mortgage-backed securities (RMBS) market and unlocking its potential for financing affordable housing,

Further other investments made by the Company during the regular course of the business, are provided under Note No. 8, which forms part of the Audited Financial Statements for the year ended on March 31, 2024

47) Particulars of Contracts or Arrangements with Related Parties

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Company and were on an arm's length basis. No contracts/ arrangements have been entered into by the Company with its Promoters, Directors, Key Managerial Personnel or other persons that may have a potential conflict with the interests of the Company. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. The transactions with related parties are disclosed in the Notes to Accounts in the Standalone Financial Statements of the Company for the year ended on March 31, 2024

Related Party Policy which has been approved by the Board of Directors, the same has been placed on the website of the Company at <https://www.iiflhomeloans.com/corporate-governance>

48) Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Conservation of Energy

The Company is engaged in providing home loans and other financial services and as such, its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company such as:

- Gurugram head office was certified with Gold Level LEED Rating under Operations and Maintenance Category (Version 4.1) from USGBC (U.S Green Building Council)
- Solar panels of 25kWp capacity is installed on the rooftop of the Gurgaon head office aimed at diminishing energy consumption.
- Education and awareness programs for employees. Creating environmental awareness by way of distributing the information in electronic form.

The Management frequently puts circulars on the corporate intranet, IWIN, for the employees educating them on ways and means to conserve electricity and other natural resources and ensuring strict compliance with the same.

Technology

The Company remains committed to investing in technology to provide it with a competitive edge and business scalability. Digitization and analytics through all business processes



DIRECTOR'S REPORT (CONTD)

have been the Company's focus, enabling agility, flexibility, and relevance. The major highlights of the current year are as follows:

- The Company has introduced DIY Lead flow with real time validation of KYC, with decision derived from Jhatpat Business Rule Engine with auto- allocation to the sales team to take forward. This is LIVE and available on our Website
- The company has shifted to a new HR management system, enabling more efficient HR process along with attendance self check-in
- The company has focused on the whatsapp customer service journey by introduction of vernacular languages, starting with hindi, and by providing customer requested documents real time within the whatsapp conversation.
- The company has shifted to a new collections module – for legal and call center, empowered by a business rule engine with automated allocation.
- The company has utilized Robotic Process Automation for different departments to automate repetitive tasks leading to cost and process optimization.
- The Company has introduced many tools such as Test Sigma for QA Automation, Github Co-Pilot for Assisted Coding, JIRA for Project Management etc. to enhance the go to market of technology changes.

As the Company continues to expand its geographic reach and enhance the scale of operations, it intends to further develop and integrate technology to support growth and improve service quality.

49) Foreign Exchange Earnings & Outgo

During the year under review, the details of Foreign Exchange earnings & Outgo of the Company are as under

Foreign exchange earnings: - Nil

Foreign exchange expenditure: - 0.74 Crores

50) Application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016

No application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the reporting period.

51) Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof

Not applicable during reporting period.

52) Disclosure pursuant to SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated October 19, 2023 read with Chapter XII of SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

Company has raised incremental long-term borrowing of Rs. 6,120 crore in the current financial year (FY2024). Borrowings raised by way of issuance of debt securities during the current year was Rs. 1,140 crore. There was a short fall of Rs. 390 crore, since the capital market condition was muted for raising long term debt securities during the year.

53) Annexure forming part of this Report of Directors

The Annexure referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors:

- a. Report on Corporate Social Responsibility - **Annexure I**
- b. The details related to options granted under the Employee Stock Option Scheme as on March 31, 2024 - **Annexure II(a)**
- c. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - **Annexure II(b)**
- d. Secretarial Audit Report- **Annexure III**
- e. The Related Party Transaction Policy- **Annexure IV**
- f. Report on Corporate Governance- **Annexure V**
- g. Management Discussion & Analysis Report- **Annexure VI**

DIRECTOR'S REPORT (CONTD)

54) Acknowledgements

The Company's Directors place on record their sincere appreciation for the assistance and guidance provided by the regulators, stock exchanges, other statutory bodies, and the bankers for the assistance, cooperation and encouragement extended.

IIFL Home Finance's Directors also gratefully acknowledge all stakeholders, including customers, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Company's employees are instrumental in scaling new heights, year after year. Shareholders' commitment and contribution is deeply acknowledged. Your involvement as shareholder is also greatly valued. The Directors look forward to the continued support of the shareholders.

For and on behalf of the Board of Directors

Monu Ratra

Executive Director & CEO
DIN: 07406284
Place: Mumbai
Date: May 06, 2024

R. Venkataraman

Director
DIN: 00011919
Place: Mumbai
Date: May 06, 2024



Annexure I to Directors' Report

The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL Home Finance Limited for the Financial Year ended March 31, 2024

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

IIFL Home Finance Limited ("the Company" or "IIFL Home Finance") ensures that its activities extend beyond business and include initiatives and endeavours for the benefit and development of the community and society. The Company strongly believes that Corporate Social Responsibility ("CSR") initiatives play a crucial role in promoting inclusive growth and equitable development.

The CSR Policy and activities of the Company are guided by the same values that guide its business of the Company. It can be summarised in one acronym – FIT, which stands for:

- Fairness in all our transactions
- Integrity and Honesty in letter, in spirit and in all our dealings with people
- Transparency in all our dealings

By applying these values to the CSR activities, IIFL Home Finance Limited undertakes initiatives that create sustainable growth and empower underprivileged sections of the society.

The focus areas prioritised by IIFL Home Finance Limited in its CSR strategy are guided by the philosophy of HELP (Health, Education & Environment, Livelihood and Poverty Alleviation). The CSR activities of IIFL Home Finance are executed by India Infoline Foundation (generally referred to as "IIFL Foundation"), the Implementing Agency. In line with its philosophy, the Company had undertaken the following activities during FY 2023-24:

- Providing long term intervention, following a holistic approach (nutrition, health, learning, and community strengthening, in a caring and protecting environment) through our "Chauras" programme, which has benefited 500 children through 10 centers in Uttar Pradesh, Rajasthan, Gujarat.
- The Building foundational literacy among females from marginalised communities in Rajasthan, through our 'Sakhion ki Baadi' programme, which has engaged with 9,000 students across 4 districts through 300 learning centers.
- Promoting a programme Smart Shaal for Academic Learning of Teachers and Students at Government schools in Sonbhadra & Chitrakoot, Uttar Pradesh. Through this programme we engage with 2.7 Lakhs students and 5582 teachers from 2791 Government schools
- Growfund – Grant for building the capacity of 6 Non-Governmental Organisations (NGOs) from Tamil Nadu, Jharkhand, Karnataka and Maharashtra.
- Development of an in-patient ward at Bhaktivedanta Hospital, Mira Road, Thane, Maharashtra., dedicated to offer treatment at a low cost for patients. The facility offers Cancer radiation therapy, comprehensive eye care and other multi-specialty services.
- Creating awareness on the adoption of sustainable construction practices and the adoption of sustainable affordable housing through "Kutumb" - a knowledge ecosystem that promotes green affordable building in India. One Kutumb event was organised in New Delhi with 75+ participants. 'Humara Kutumb', an extension of Kutumb was launched which focused on providing awareness on sustainable construction techniques to BLC homeowners as well as assisting them in green certification processes. 28 homeowners have initiated their process for green certification.
- Partnering with the Government of Rajasthan we have provided Flat interactive panels (Smart TVs) to 75 government schools in Udaipur and Baran districts of Rajasthan, to promote learning over digital means. The project is approved under the guidance of Honorable Minister of School Education, Rajasthan.
- Support to 10 community-based learning centers – Seva Kutir, for holistic development of children from marginalized scheduled tribe communities in Madhya Pradesh. Children are offered special coaching to excel in academics, along with nutritious meals twice a day and engagement in extra-curricular activities.
- Partnered with Gyan Shaala to improve the literacy outcome of the girls enrolled in the Sakhion ki Baadi programme in Rajasthan, through development of structured syllabus and curriculum followed with training of the teachers.
- Creating awareness on solid and liquid waste management through the "DISHA" programme, which has engaged more than 3300+ people in Noida, Ghaziabad, Gurgaon & New Delhi.
- The Building foundational literacy among children of migrant workers and providing trainings to the construction workers, through our 'Pankh' programme, which has enrolled 200+ children.
- Contribution of 50 electric wheelchairs to Indian veterans.

Annexure I to Directors' Report (Contd)

2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of Meetings of CSR Committee entitled to attend | Number of Meetings of CSR Committee attended during the year |
|---------|---------------------|--------------------------------------|--|--|
| 1. | Ms. Mohua Mukherjee | Chairperson | 3 | 3 |
| 2. | Mr. R Venkataraman | Member | 3 | 2 |
| 3. | Mr. Monu Ratra | Member | 3 | 3 |
| 4. | Mr. Kranti Sinha* | Member | 1 | 1 |

*Note- Resigned w.e.f. August 08, 2023.

3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

<https://www.iiflhomeloans.com/corporate-governance>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

Not Applicable

| S. No. | Particular | Amount (in ₹) |
|--------|---|---|
| a. | Average net profit of the Company as per sub-section (5) of section 135 | 868,50,82,248 |
| b. | Two percent of average net profit of the Company as per sub-section (5) of section 135 | 17,37,01,645 |
| c. | Surplus arising out of the CSR Projects or programmes or activities of the previous financial years | NIL |
| d. | Amount required to be set-off for the financial year, if any | Nil |
| e. | Total CSR obligation for the financial year [(b)+(c)-(d)] | 17,40,00,000/- (Rounded off) |

a. Amount spent on CSR Projects (both ongoing project and other than ongoing project):

₹ 11, 76,60,093 - FY 23-24

₹ 3,93,76,480 - from unspent CSR Account of FY 22-23

b. Amount spent in Administrative overheads: Not Applicable

c. Amount spent on Impact Assessment, if applicable: Not Applicable

d. Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 15, 70,36,573

e. CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|--|--|-------------------|--|----------------|-------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| 11,76,60,093 - FY 23-24 | | | | | |
| 3,93,76,480 - FY 22-23 (unspent account) | 5,63, 39, 907 | 26.04.2024 | Not Applicable | Not Applicable | Not Applicable |



Annexure I to Directors' Report (Contd)

f. Excess amount for set-off, if any: Not applicable

| Sl. No. | Particular | Amount (in ₹) |
|---------|---|---------------|
| (i) | Two percent of average net profit of the company as per sub-section (5) of section 135 | Nil |
| (ii) | Total amount spent for the Financial Year | Nil |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | Nil |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | Nil |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | Nil |

6. Details of unspent Corporate Social Responsibility amount for the preceding three financial years:

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in Rs) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
|---------|-----------------------------|---|---|--|--|------------------|---|--------------------|
| | | | | | Amount (in Rs) | Date of Transfer | | |
| 1 | FY 2022-23 | 5,20,31,490/- | 1,26,55,010 /- | 3,93,76,480/- | - | - | NIL | - |
| 2 | FY 2021-22 | 3,03,00,000/- | Nil | - | - | - | - | - |
| 3 | FY 2020-21 | - | - | - | - | - | - | - |

7. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

No

If Yes, enter the number of Capital assets created/ acquired – N/A

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner | | |
|---------|---|-------------------------------------|------------------|----------------------------|---|------|--------------------|
| | | | | | CSR Registration Number, if applicable | Name | Registered address |
| 1 | - | - | - | - | - | - | - |

8. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135:

The unspent amount was pertaining to the ongoing projects and the same would be required and utilised over the period of three years as stipulated under the Companies Act, 2013

Annexure I to Directors' Report (Contd)

Responsibility Statement of the CSR Committee:

Through this report, IIFL Home Finance Limited seeks to communicate its commitment to CSR to the Ministry of Corporate Affairs. The implementation and monitoring of the CSR Policy are in compliance with the CSR objectives and policies as laid down in this Report. The Board of the Company and the CSR Committee are responsible for the integrity and objectivity of all the information provided in the disclosure above. All projects reported have been selected based on careful evaluation of the extent to which they create sustainable positive outcomes for marginalised segments of society. The Company has adopted measures to ensure that these projects are implemented in an effective and efficient manner so that they are able to deliver maximum potential impact. In line with the requirements of Section 135, the Company has also established a monitoring mechanism to track the progress of its CSR projects. The CSR Committee and the Board ensure that the funds disbursed have been utilised for the purpose and in the manner as approved by them and the Chief Financial Officer.

For **IIFL Home Finance Limited**

R. Venkataraman

Director

DIN: 00011919

Place: Mumbai

Date: May 06, 2024

Monu Ratra

Executive Director & CEO

DIN: 07406284

Place: Mumbai

Date: May 06, 2024



Annexure II(a) to Directors' Report

The details related to options granted under the Employee Stock Option Scheme as on March 31, 2024 is provided below:

| S. No. | Particulars | Disclosure |
|--------|--|---|
| 1. | options granted | 2,42,563 (Granted till March 31, 2024) |
| 2. | options vested | 0 |
| 3. | options exercised | 0 |
| 4. | the total number of shares arising as a result of exercise of option | 0 |
| 5. | options lapsed | 3,935 |
| 6. | the exercise price | ₹ 1,338 |
| 7. | variation of terms of options | Time based and Performance based |
| 8. | money realized by exercise of options | 0 |
| 9. | total number of options in force | 2,38,628 |
| 10. | employee wise details of options granted to:- | |
| | (i) key managerial personnel; | 1) Mr. Monu Ratra (CEO & Whole-time Director)- 134411 2) Mr. Gaurav Seth (Chief Financial Officer) - 13441 3) Mr. Ajay Jaiswal (Company Secretary) - 5630 |
| | (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year. | 0 |
| | (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant; | 0 |

Annexure II(b) to Directors' Report

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Requirements | | Disclosure | |
|--------------|---|--|--------|
| 1 | The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year. | Executive Chairman | NIL |
| | | Executive Director & CEO | 86.43% |
| | | Non- Executive Director | |
| | | Mr. S. Sridhar | 7.14%# |
| | | Mr. Kranti Sinha* | 5.71%# |
| | | Mr. Nirmal Jain | NIL |
| | | Mr. R. Venkataraman | NIL |
| | | Mr. Kabir Mathur | Nil |
| | | Ms. Mohua Mukherjee | 5.71%# |
| | | Mr. Arun Kumar Purwar | Nil |
| | | Mr. Venkataramanan Anantharaman | 5.71% |
| | | Mr. Mathew Joseph | 5.71% |
| 2 | The percentage increase in remuneration of each director, CFO, CEO and CS in the financial year. | Executive Chairman | NIL |
| | | Executive Director & CEO | 10% |
| | | Non- Executive Director | |
| | | Mr. S. Sridhar | NIL |
| | | Mr. Kranti Sinha | NIL |
| | | Mr. Nirmal Jain | NIL |
| | | Mr. R. Venkataraman | NIL |
| | | Ms. Mohua Mukherjee# | NIL |
| | | Mr. Arun Kumar Purwar | NIL |
| | | Mr. Venkataramanan Anantharaman* | NIL |
| | | Mr. Kabir Mathur** | Nil |
| | | KMPs other than Directors | |
| | | Chief Financial Officer | 8% |
| | | Company Secretary | 13% |
| 3 | The percentage increase in the median remuneration of employees in the financial year | The median remuneration of the employees in the financial year increased by 8%. The calculation of the % increase in median remuneration is done based on comparable employees. Due to this, the employees who were not eligible for any increment have been excluded. | |
| 4 | The number of permanent employees on the rolls of the Company | The Company had 4706 employees on the rolls as on March 31, 2024. | |
| 5 | Average percentile increases already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for an increase in the managerial remuneration. | Not applicable to the Company as all the employees are under managerial roles. | |
| 6 | Affirmation that the remuneration is as per the remuneration policy of the Company | Yes, it is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company. | |

- * Mr. Kranti Sinha resigned from the Board w.e.f. August 08, 2023 and Mr. Mathew Joseph appointed w.e.f. October 31, 2023.
- # The ratio of the remuneration of Mr. S. Sridhar, Mr. Kranti Sinha, Ms. Mohua Mukherjee, Mr. Venkataramanan Anantharaman and Mr. Mathew Joseph to the median remuneration of the employees for the financial year has been calculated on the basis of commission to be paid for the FY 2023-24.
- In above calculation of remuneration, Fixed CTC and performance bonus has been considered for presenting data on comparable basis for Mr. Monu Ratra Executive Director & CEO, Mr. Ajay Jaiswal, Company Secretary the remuneration is exclusive of the value of perquisites on ESOPs

For and on behalf of the Board of Directors

Monu Ratra
Executive Director & CEO
DIN: 07406284
Place: Mumbai

R. Venkataraman
Director
DIN: 00011919
Place: Mumbai

Date: May 06, 2024



Annexure III to Directors' Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of The Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

IIFL Home Finance Limited

[CIN: U65993MH2006PLC166475]

IIFL House, Sun Infotech Park, Road No. 16V,

Plot No. B-23, MIDC, Thane Industrial Area,

Wagle Estate, Thane, Maharashtra - 400604

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and in adherence to good corporate practices by **IIFL Home Finance Limited** (hereinafter referred to as "**the Company**"), having its Registered Office at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B - 23, MIDC, Thane Industrial Area, Wagle Estate Thane, Maharashtra - 400 604 and Corporate Office at Plot No. 98, Udyog Vihar, Phase IV, Gurgaon, Haryana -122 015. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification, of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering financial year ended March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period, according to the provisions of:

- I. The Companies Act, 2013 ('the Act') and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of compliances relating to Foreign Direct Investment. However, during the period under review, there were no transactions for Overseas Direct Investment and External Commercial Borrowings.

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") :-

- (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**
- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**
- (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **[The Company has introduced Employee Stock Option Plan. However, being a Debt listed Company, the regulations are not applicable since the shares of the Company are not listed on any stock exchange];**
- (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of the securities issued;
- (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**
- (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review].**

Annexure III to Directors' Report (Contd)

VI. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:

1. The National Housing Bank Act, 1987.
2. Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021.
3. Guidelines on 'Know Your Customer' and 'Anti Money Laundering Measures' for HFCs.
4. The IRDAI (Registration of Corporate Agents) Regulations, 2015.

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable, Labour Laws & other General Laws.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the Statutory Auditor and other designated professionals.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India. However, the stricter applicability of the Secretarial Standards is to be observed by the Company.
2. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") to the extent applicable.
3. General Circular Nos. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs to hold Extra-Ordinary General Meetings/ Annual General Meetings through Video Conferencing (VC) or Other Audio-Visual Means (OAVM).

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The following changes took place in the composition of the Board of Directors during the period which were carried out in compliance with the provisions of the Act/SEBI LODR, 2015 except as stated below.

- Adequate notices were given to all directors to schedule the Board Meetings, Committee Meetings, agenda and detailed notes on agenda were sent generally seven days in advance to all the directors except where the meetings were held at a shorter notice. Further, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meetings of the Board and Committees of the Board, duly signed by the Chairman, all the decisions of the Board were adequately passed and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Company has generally complied with the provisions of Regulation 3(5) and 3(6) of SEBI (Prohibition of Insider Trading Regulations), 2015 with respect to maintenance of Structural Digital Database to the extent applicable.

As per the records, the Company has filed returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities except for few discrepancies in filing of certain forms.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Circulars, Guidelines, Standards etc. mentioned above.

We further report that during the audit period the Company has undertaken following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above :-

1. Mr. Kranti Sinha (DIN: 00001643) has stepped down from the Board as Independent Director of the Company with effect from August 8, 2023 and due to the same, composition of the Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee was affected for few days.
2. Mr. Mathew Joseph (DIN: 01033802) has been appointed as an Additional Director (Independent Director) on the Board of the Company with effect from October 31, 2023. Further, his appointment was confirmed by the Shareholders in an Extra Ordinary General Meeting ("EGM") held on January 30, 2024.
3. Mr. Srinivasan Sridhar (DIN: 00004272) and Mr. Arun Kumar Purwar (DIN: 00026383) have completed their respective tenure as Independent Directors on March 31, 2024. Further, Mr. Srinivasan Sridhar, is appointed as an Additional Director (Non-Executive Director) of the Company with effect from April 01, 2024.



Annexure III to Directors' Report (Contd)

4. Mr. Ramakrishnan Subramanian (DIN: 02192747) has been appointed as an Additional Director (Independent Director) by the Board of Directors with effect from April 01, 2024.
5. Mr. Gaurav Seth was appointed as Chief Financial Officer with effect from October 17, 2023 as his earlier incumbent Mr. Amit Gupta was re-designated as Head Finance of the Company on account of internal re-structuring in the senior management of the Company.
6. The Company has approved the appointment of M/s. S. R. Batliboi & Associates LLP (ICAI Firm Registration No. 101049W/ E300004) as one of the Joint Statutory Auditors to hold office for a period of 3 (three) years from Financial Year 2023-24 to Financial Year 2025-26 in an Annual General Meeting held on June 29, 2023 on account of completion of tenure of earlier incumbent.
7. The members of the Company had approved amendments in the IIFL- HFL ESOP PLAN-2022 (herein after referred as "ESOP Plan") by way of passing a Special Resolution in the Annual General Meeting held on June 29, 2023.
8. The Company has altered its Articles of Association by passing a Special Resolution in the Annual General Meeting held on June 29, 2023.
9. The Board of Directors have accorded their approval to raise funds and to offer, Secured /Unsecured/ Listed/ Unlisted/ Rated/ Unrated / Non-Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/ Fixed Maturity Debentures, aggregating to INR 5,000/- Crore (Indian Rupees Five Thousand Crores) on private placement basis during the financial year 2024-25, in one or more tranches.
10. The Board of Directors have accorded their approval for making investment in RMBS Development Company Limited (a "proposed new Company") up to INR 35,00,00,000/- (Indian Rupees Thirty-Five Crores only) in one or more tranches.
11. The Company has allotted 32,000 (Thirty Two Thousand) Secured Redeemable Non-Convertible Debentures (SNCDs) of INR 1,00,000/- each (Indian Rupees One Lakh each) for cash at par aggregating to INR 320,00,00,000/- (Indian Rupees Three Hundred and Twenty Crore only) and 8,200 (Eighty Two Hundred) Secured Redeemable Non-Convertible Debentures (SNCDs) of INR 10,00,000/- each (Indian Rupees Ten Lakh each) for cash at par aggregating to INR 820,00,00,000/- (Indian Rupees Eight Hundred and Twenty Crore only) on private placement basis on May 23, 2023 and August 18, 2023 respectively.
12. The Company has declared an interim dividend @ INR 55/- per share on January 15, 2024 in compliance with the applicable provisions stated in the Act.

For **RMG & Associates**

Company Secretaries

Peer Review No. 734/2020

Firm Registration No. P2001DE016100

Place: New Delhi

Date: May 06, 2024

UDIN: F010098F000315161

CS Sachin Khurana

Partner

FCS: 10098; C.P. No.: 13212

Note: This report is to be read with 'Annexure' attached herewith and forms an integral part of this report.

Annexure III to Directors' Report (Contd)

Annexure

To,
The Members
IIFL Home Finance Limited
(CIN: U65993MH2006PLC166475)
IIFL House, Sun Infotech Park, Road No. 16V,
Plot No. B-23, MIDC, Thane Industrial Area,
Wagle Estate, Thane, Maharashtra – 400604

Our Secretarial Audit Report for the financial year ended March 31, 2024 is to be read along with this letter:

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operating effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
7. We have conducted online verification & examination of records, as facilitated by the Company, for the purpose of issuing this Report.

Place: New Delhi
Date: May 06, 2024
UDIN: F010098F000315161

For **RMG & Associates**
Company Secretaries
Peer Review No. 734/2020
Firm Registration No. P2001DE016100

CS Sachin Khurana
Partner
FCS: 10098; C.P. No.: 13212



Annexure IV to Directors' Report

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.

Annexure IV to Directors' Report (Contd)

- (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 ₹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.
- b. 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;
- c. 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;



Annexure IV to Directors' Report (Contd)

- d. 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.

- e. 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.

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.

C. 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.

D. 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.

E. Review of RPTs by Audit Committee

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

F. 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

Annexure IV to Directors' Report (Contd)

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 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.