



# DIRECTOR'S REPORT

AS AT MARCH 31, 2022

Dear Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report of IIFL Home Finance Limited accompanied with the Audited Financial Statements for the financial year ended March 31, 2022.

## 1) FINANCIAL PERFORMANCE

The Company's financial performance for the financial year ended March 31, 2022 is as under:

### Consolidated Financial Results

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

Particulars	₹ in million	
	2021-22	2020-21
Gross Total Income	22,829.26	20,677.51
Less: Expenditure	14,791.90	15,577.67
Profit before share of Profit of Associate and Tax	7,497.46	5,099.83
Profit from Associate	126.51	1,088.88
Profit before Tax	7,623.97	6,188.71
Less: Taxation	1,689.63	1,088.88
Net Profit after Tax	5,934.34	5,099.83

### Standalone Financial Results

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

Particulars	₹ in million	
	2021-22	2020-21
Gross Total Income	22,214.20	20,677.51
Less: Expenditure	14,754.77	15,577.67
Profit before Tax	7,459.63	5,099.83
Less: Taxation	1,679.68	1,088.88
Net Profit after Tax	5,779.95	4,010.95

The Standalone and Consolidated Financial statements for the year under review have been prepared in accordance with and other relevant provisions of the Companies Act, 2013.

## 2) REVIEW OF BUSINESS

During the year under review, your Company's total income amounted to ₹ 22,214.20 million. Profit before tax stood at ₹ 7,459.63 million. Profit after tax stood at ₹ 5,779.95 million. During the year ended March 31, 2022, Assets Under Management (AUM) of the Company has grown by 14% y-o-y to ₹ 236,173.75 million. At the segment level, there is 12% growth in loan book of Home Loans and a marginal decline of 2% in the LAP segment. The total loan book has grown by 5% y-o-y to ₹ 156,687.95 million as on March 31, 2022.

## 3) SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Securities and Exchange Board of India (SEBI), brought in amendment in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") with effect from September 7, 2021 and had made Regulation 15 to 27 applicable to High Value Debt Listed (HVDL) entities. HVDL entity

has been defined an entity which has its listed Non-Convertible Debt Securities and has an outstanding value of listed Non Convertible Debt Securities of ₹ 500 crore and above. Outstanding Non-Convertible Debentures of the Company were more than ₹ 500 crore and, therefore, the provisions as mentioned above were applicable to the Company. However, HVDL listed companies were provided an option to comply with the above provisions or explain reason for non compliance/partial compliance till March 31, 2023 and thereafter mandatorily comply with the above provisions. Since the date of applicability of the above provisions, the Company has complied with the above provisions for the period ended March 31, 2022.

## 4) RESOURCE MOBILIZATION

### Non Convertible Debentures-Private Placement

During the year under review, the Company issued Secured Redeemable Non Convertible Debentures aggregating to an amount of ₹ 7,650.20 million



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on private placement basis. Further, the Company redeemed /Bought Back Non Convertible Debentures of amounting to ₹ 9,834.05 million, issued on private placement basis.

The Company has been regular in making payments of principal and interest on NCDs. The Company has complied with the provisions of Chapter XI {(Guidelines on Private Placement of Non-Convertible Debentures (NCDs)} of Master Directions- Housing Finance Companies (Reserve Bank of India), 2021 for issuance of Non-Convertible Debentures on Private Placement basis. During the year under review, the Non-Convertible Debentures were paid/redeemed by the Company on or before their respective due dates. As on March 31, 2022, outstanding secured non-convertible debentures on private placement stands at ₹ 15,621.3 million and outstanding unsecured non-convertible debentures on private placement basis amount to ₹ 2,200.00 million. During the year under review, there was no Non Convertible Debentures which have not been claimed by the investor or not paid by the Company after the date on which Non Convertible Debentures became due for redemption.

### Non Convertible Debentures- Public issue

The Company had issued Unsecured Redeemable Non Convertible Subordinated Debentures to public in the month of August 2021 and raised ₹ 6,558.23 million and Secured Non Convertible Debentures in the month of January 2022 and raised ₹ 4,043.87 million.

### Term Loans and Other Borrowings

During the year under review, the Company availed ₹ 12,338.40 million of refinance facility from NHB under various refinance schemes of NHB. Further, the Company raised funds by way of borrowing from term loans, issuance of Commercial paper and other sources. As on March 31, 2022, total outstanding borrowings excluding NCD stands at ₹ 175,678.7 million.

### Assignment of Loans

During the year under review, the Company securitized /assigned the receivables of housing loan portfolio aggregating to ₹ 23,216.55 million and non housing loan portfolio aggregating to ₹ 4,239.26 million. The Company was appointed as servicer by the Assignee/ Trustee to collect and receive payment of the receivables from the Securitised/Assigned Assets.

## 5) DIVIDEND

During the year under review, considering the performance of the Company and the capital and

liquidity buffer available with the Company, your Directors recommended Interim Dividend of ₹ 30 per equity share of face value of ₹ 10 each. Total outgo towards payment of Dividend is ₹ 629.05 million. Your Directors recommend that the said Interim Dividend be considered as final. The dividend payout ratio was well within the limits prescribed in and in compliance with the Circular No. RBI/2021 22/59 DOR.ACC. REC.No.23/21.02.067/2021-22 dated June 24, 2021 issued by RBI for payment of dividend by HFCs and NBFCs.

## 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 ₹ 1,156.00 million (20% of Net Profit for the year) to Special Reserve. As on March 31, 2022, the said Reserves stood at ₹ 4,029.70 million. The balance in General Reserves stood at ₹ 1,438.60 million.

## 7) SHARE CAPITAL OF THE COMPANY

### Authorized Share Capital

As on March 31, 2022, Authorized Share Capital of the Company was ₹ 1,720,000,000 (Rupees one hundred and seventy two crore only) divided into 152,000,000 (Fifteen crore and twenty lakh) Equity Shares of ₹ 10 (Rupees ten only) each and 20,000,000 (Rupees Two crore) Preference Shares of ₹ 10 (Rupees Ten only) each.

### Paid-up Share Capital

During the year under review, your Board of Directors did not consider to increase its capital base as in its view the Company is well capitalized and the Capital base of the Company is adequate to meet statutory and business requirements of the Company. As on March 31, 2022, the paid up share capital of the Company stands at ₹ 209.68 million.

## 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.



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### 9) INVESTOR EDUCATION AND PROTECTION FUND

The interest 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 ₹ 1.83 million to the Investor Education and Protection Fund (IEPF). The concerned debenture holders can claim the interest from IEPF.

### 10) 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 and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively as at March 31, 2022.

### 11) VIGIL MECHANISM

In Compliance with the provisions of Section 177(9) of the Companies Act, 2013, read with the rules made there under, the Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics policy. The Policy also provides for adequate safeguard against victimization 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>.

### 12) CREDIT RATINGS

During the year under review, the Company's long term debt was rated BWR AA+ (Negative) by Brickworks Ratings, CRISIL AA (Stable) by CRISIL Limited, [ICRA] AA (Stable) by ICRA Limited and CARE AA (Stable) by CARE Ratings Limited.

### 13) ANTI-CORRUPTION MECHANISM

The Company with a high regard for honesty and institutional integrity, formulated an Anti-Corruption framework which consists of Anti-Corruption, Gift and Whistle Blower/Vigilance policies applicable to all our employees. The Company has responsibility both to the members and to the communities to which we do business to be transparent in all our dealings.

The Company takes a zero tolerance approach to bribery and other forms of unlawful payment. The Company's Anti-Corruption framework requires that the entire organization does not engage in bribery or corruption in any form and explicitly mentions that it will not 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 will not accept any payment, gift or inducement from a third party which is intended to compromise our own integrity.

E-learning training and declaration on anti-corruption is mandatory for our employees to ensure understanding of Anti-Corruption Policy and ways to mitigate such risk.

### 14) 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 and processes and confirmed that the Internal Financial Controls system over financial reporting are adequate and such controls are operating effectively as at March 31, 2022.

### 15) SUBSIDIARY COMPANY

During the year under review, your Company incorporated a wholly owned subsidiary, named, IIFL Sales Limited on September 28, 2021. IIFL Sales Limited offers professional/ consultancy services that include sourcing, marketing, promoting, publicizing, advertising, brand building, selling and distributing, among the others. It also intends to provide all kinds of advisory/consultancy services and fees based intermediation, syndication and liasoning services.

As per provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, IIFL Sales Limited does not fall under criteria of "material subsidiary". Further, the Company has framed a policy



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on Determination of Material Subsidiary and the same has been placed on the website of the Company.

### 16) INVESTMENT IN IIFL SAMASTA FINANCE LIMITED

During the year under review, the Company invested in Right Issue of equity shares of IIFL Samasta Finance Limited, an Associate Company of the Company for an amount of ₹ 750 million (previous year's investment was ₹ 1,546.23 million). Company's shareholding in IIFL Samasta Finance Limited remains unchanged at 25% as on March 31, 2022.

The details of the investment made by the Company during the financial year under review are provided in the Notes to Accounts attached to the Financial Statement of the Company for the year ended March 31, 2022.

### 17) IMPACT OF COVID -19 PANDEMIC

The detailed disclosure on the material impact of Covid-19 pandemic on the Company is forming part of the Financial Statements of the Company.

### 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 organization.

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

Risk Management Department identifies, analyses and takes measures to mitigate 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 on a pan-organizational basis. 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.

### 19) DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### Independent Directors

During the year under review, Ms. Suvalaxmi Chakraborty resigned from the Directorship of the Company on June 15, 2021 and Ms. Mohua Mukherjee was appointed as Director in the Company w.e.f. August 26, 2021. In opinion of the Board, Ms. Mohua Mukherjee fulfils the conditions specified in the Act; she is independent of the management. The Board considers that her expertise and experience (including the proficiency) and her continued association would be of immense benefit to the Company. The detailed profile of Ms. Mukherjee is provided in the Corporate Governance Report.

#### Non-Executive Directors

In terms of provisions of Section 152 of the Companies Act, 2013, Mr. Nirmal Jain, 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.

#### Key Managerial Personnel

Mr. Monu Ratra, Executive Director and CEO, Mr. Ajay Jaiswal, Company Secretary and Mr. Amit Gupta, Chief Financial Officer are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and Rules made thereunder.

### 20) BOARD EVALUATION

In accordance with the provisions of the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, 2015, The Board in coordination with and the recommendation of the Nomination and Remuneration Committee (NRC), carried out an annual performance evaluation of its own performance, the Directors individually including Independent Directors based out of the criteria and framework adopted by the Board. The Board considered and discussed the inputs received from the Directors.



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NRC also carried out the evaluation of performance of the Chairman, every Director, Committees, Key Managerial Personnel (KMPs) and senior management. The NRC placed on record that the overall performance of individual Directors, Board, Committees, Chairman, KMPs and Senior Management Personnel was quite satisfactory.

### 21) FIT AND PROPER CRITERIA AND CODE OF CONDUCT

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 [www.iiflhomeloans.com](http://www.iiflhomeloans.com).

All the Directors of the Company for the period under review have affirmed compliance with the Code of conduct of the Company. The Declaration of the same is provided in the Corporate Governance Report.

### 22) 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 fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as an Independent Director.

### 23) AUDITORS

The members of the Company at the 14th Annual General Meeting held on June 11, 2020 had approved the appointment of M/s. MP Chitale & Co., Chartered Accountants (Firm Registration Number: 101851W), as the Statutory Auditors of the Company for a period of 5 (five) years commencing from the 2020-21 till (and including) the 2024-25.

Subsequently, the Reserve Bank of India (“RBI”) has on April 27, 2021, issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (“RBI Guidelines”). In terms of the RBI Guidelines, the Statutory Auditors have to be appointed for a term of 3 years. The RBI Guidelines are applicable from the 2021-22. As per para 8.1 of the said circular, in order to protect the independence of the auditors/audit firms, the NBFC is required to appoint the SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Further, the audit firms which have already completed tenure of 1 year may be permitted to complete the balance tenure only, i.e. 2 years. Therefore, the term of office of M/s. MP Chitale & Co., Chartered Accountants as Statutory Auditors of the Company was revised from five years to three years, i.e. 3 years from the 2020-21 till (and including) the 2022-23 by shareholders at their meeting held on September 30, 2021.

Further, for entities with asset size of ₹ 15,000 crore and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two audit firms [Partnership firms/Limited Liability Partnerships (LLPs)]. Therefore, the Board of Directors of the Company vide its resolution dated September 28, 2021 recommended the appointment of M/s. Suresh Surana & Associates LLP, Chartered Accountant (Firm Registration Number: 121750W/W100010), for appointment as Statutory Auditors of the Company, for a period of 3 (Three) years with effect from the 2021-22 till and including the 2023-24 and the same was approved by the Shareholders at their meeting held on September 30, 2021.

M/s. Suresh Surana & Associates LLP and M/s. MP Chitale & Co., Chartered Accountants, who were already appointed as Statutory Auditors of the Company at the 14th Annual General Meeting held on June 11, 2020, shall act as joint Statutory Auditors of the Company for the remainder of the term of M/s. MP Chitale & Co., Chartered Accountants, and that M/s. Suresh Surana & Associates LLP shall thereafter act as joint Statutory Auditors of the Company with such new joint Statutory Auditor(s) who will be appointed by the Company subject to approval of the Members of the Company from 2023-24 onwards.

### 24) REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any





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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.

### 25) 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 the others, etc. as in force from time to time.

The Company has been maintaining capital adequacy as prescribed by RBI. The Capital adequacy was 30.49% (IND-AS) (as against 15% prescribed by the RBI) as on March 31, 2022.

### 26) 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>.

### 27) 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.

### 28) 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.

### 29) CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility ("CSR") Committee of the Board has formulated and recommended to the Board a CSR Policy indicating the CSR activities which 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 steered by the same values that guide the business of IIFL Group Companies. It can be summarized in one acronym – FIT, which stands for Fairness, Integrity and Transparency.

Most of the activities are undertaken through 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.

### 30) 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 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure II.

Further, a statement showing the names and other particulars of employees drawing remuneration as per the limits set out in the 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 other 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 would be sent.

### 31) 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, Practicing Company Secretaries. The Secretarial Audit does not contain any qualifications and the same is annexed (Annexure III) to this Report.



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### 32) CORPORATE GOVERNANCE

Pursuant to requirement 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 are placed at Annexure IV and Annexure V, respectively.

### 33) 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 is provided in this Report at Annexure VI.

### 34) 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](http://www.iiflhomeloans.com).

### 35) SECRETARIAL STANDARDS

The Board confirms that the Company complied with all applicable mandatory Secretarial Standards for the financial year 2021-22.

### 36) NAME AND CONTACT DETAILS OF DEBENTURE TRUSTEES

- a. Vistra ITCL (India) Limited  
(Formerly known as IL&FS Trust Company Limited)  
IL&FS Financial Center,  
Plot C-22, G Block, Bandra- Kurla Complex,  
Bandra (East), Mumbai-400 051  
Telephone: +91 22 6930 0000  
Fax: + 91 22 2850 0029  
E-mail: [mumbai@vistra.com](mailto:mumbai@vistra.com)
- b. Milestone Trusteeship Services Private Limited  
Windsor, 6th Floor, Office No - 604,  
C.S.T. Road, Kalina, Santacruz (East),  
Mumbai - 400 098  
Telephone: +91 22 4922 0555  
Fax: +91 22 6716 7077  
E-mail: [compliance@milestonetrustee.in](mailto:compliance@milestonetrustee.in)

- c. Catalyst trusteeship limited  
(Erstwhile GDA Trusteeship Limited) Windsor,  
6th Floor, Office No - 604, C.S.T. Road, Kalina,  
Santacruz (East),  
Mumbai - 400 098  
+91 22 4922 0555  
Email: [dt.mumbai@ctltrustee.com](mailto:dt.mumbai@ctltrustee.com)

### 37) 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 preparation of annual accounts for the year ended as on March 31, 2022 and states that:

- a. In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 are 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.

### 38) AUDITORS REPORT

Audit Report as issued by M/s MP Chitale & Co., 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 or observations or remarks made by the Statutory Auditors in their Report.



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### 39) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

As the Company is a Housing Finance Company, the disclosures regarding particulars of the loans made, guarantee given and security provided is exempted 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.

As regards investments made by the Company, the details of the same are provided under Note No. 8 forming part of the Audited Financial Statements for the year ended March 31, 2022.

### 40) PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered during the financial year were in ordinary course of the business of the Company and were on arm's length basis. No contracts/ arrangements have been entered into by the Company with its Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. Since all related parties 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 March 31, 2022.

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

### 41) 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:

- Installation of capacitors to save power;
- Energy efficiency policies are under development for to ensure best practices within the office premises.

- The organization is in process of installing solar panels to generate electricity within the HQ building premises.
- Installation of occupancy sensors to turn off lights when not in use.
- Installation of Light Emitting Diode (LED) lighting fixtures across offices.
- Education and awareness programs for employees.
- Creating environmental awareness by way of distributing the information in electronic form.
- Energy audit of HQ premises was conducted in 2021.

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

#### Technology

The Company remains committed to investing in technology to provide it a competitive edge and business scalability. Digitization and analytics through all business processes has been the focus enabling agility, flexibility and relevance. The major highlights of the current year are as follows:

- The Company has introduced Loan against property in Jhatpat, which brings the Business Rule Engine advantage for LAP cases. This will also lead to decommission of the manual archaic loan origination system.
- The Company has implemented Credgenics – a SaaS based loan recovery platform – for legal recovery and collections call center. Legal Notices are now being sent digitally to the customers, eliminating physical notices altogether. In this platform, business rule engines can be also be implemented for better efficiency of collections team.
- The Company has automated customer service category workflows for resolution of tickets across channels like mobile app, website, chatbot and WhatsApp with DIY process for categories covering majority of the ticket volume.
- The Company has implemented Lead website with Business Rule Engine. With this bureau based Business Rule Engine, it is able to make better informed decision on the customers. Approved leads are directly assigned to sales team, removing the cost of lead call center and improving customer experience by eliminating the hassle of call center calls to customer.





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- The Company has integrated property module Tejora with Jhatpat. With this, it is able to tag the customer property on real time, give additional Debt-Burden Ratio (DBR) benefit to customer and sanction more accurate loan amount. This also reduces the effort of Credit Operations leading to faster disbursals.

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.

### Foreign Exchange Earnings and Outgo

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

Foreign Exchange earnings: - NIL

Outgo - ₹ 0.37 million towards recruitment services and ₹ 0.08 million towards AMC of Software (previous year: ₹ NIL)

### 42) 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:

- Report on Corporate Social Responsibility - **Annexure I**
- 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**

- Secretarial Audit Report- **Annexure III**
- The Related Party Transaction Policy- **Annexure IV**
- Report on Corporate Governance- **Annexure V**
- Management Discussion and Analysis Report- **Annexure VI**

### 43) ACKNOWLEDGEMENTS

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

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

### For and on behalf of the Board of Directors

#### Monu Ratra

Executive Director & CEO

DIN: 07406284

Place: Gurugram

Date: April 25, 2022

#### R. Venkataraman

Director

DIN: 00011919

Place: Mumbai



## ANNEXURE – I TO DIRECTORS' REPORT

### The Annual Report on Corporate Social Responsibility (CSR) Activities of IIFL Home Finance Limited

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

#### 1. OUTLINE OF CSR POLICY:

The CSR Policy and projects of IIFL Home Finance Limited are steered by the same values that guide the business of the IIFL Group of Companies. It can be summarized in one acronym – FIT, which stands for:

- **Fairness** in all our transactions
- **Integrity** and Honest in letter, in spirit and in all our dealing with people
- **Transparency** in all our dealings

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

The focus areas prioritized by IIFL Home Finance Limited in its CSR strategy are given below:

- Creche – Learning center for children of migrant labourers
- Literacy initiative for Females
- Development of medical facilities at Government. hospitals
- Development of Infrastructure in Government schools
- Introduction of Electricity in Government schools
- Delivery of vaccines by drone
- Support to educational research program
- Fight against outbreak of Covid-19 pandemic

Support to shelter home and education of financially weaker group development of market place for women to promote livelihood.

The CSR Project of IIFL Home Finance Limited, is managed by India Infoline Foundation (generally referred as "IIFL Foundation") and in-house CSR team. The CSR Policy adopted by IIFL Home Finance Limited is available on the website of the Company: <https://www.iiflhomeloans.com/corporate-governance>.

#### COMPOSITION OF THE CSR COMMITTEE

IIFL Home Finance Limited has constituted a CSR Committee of the Board that fulfils all requirements of Section 135 of the Companies Act, 2013 (hereafter referred to as Section 135). The members constituting the Committee have been listed below:

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

\* Ms. Mohua Mukherjee was inducted to the CSR Committee with effect from October 21, 2021.

#### DETAILS ON CSR PROJECTS AND COMMITTEE MEMBERS

Further details on CSR Committee Members and the projects can be found over our website: <https://www.iiflhomeloans.com/corporate-governance>

#### IMPACT ASSESSMENT OF CSR PROJECTS

During the year under review, impact assessment was not applicable to the Company.



## ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

### AMOUNT AVAILABLE FOR SET OFF

Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	NIL	NIL
2	2019-20	NIL	NIL
3	2018-19	NIL	NIL
	<b>TOTAL</b>		

### PRESCRIBED CSR EXPENDITURE

#### 1. Average net profit for last three financial years

The average net profit of IIFL Home Finance Limited of the last three financial years was calculated to be ₹ 5,224,943,155.83.

#### 2. Prescribed CSR expenditure

In terms of the provisions of Section 135 of the Companies Act, 2013, the recommended CSR expenditure for the financial year 2021-22 of IIFL Home Finance Limited was ₹ 104,498,863.

#### 3. Amount spent

During the financial year 2021-22, IIFL Home Finance Limited, spent ₹ 75,060,345, on various social development activities.

#### 4. Amount unspent

₹ 30,300,000

Sl. No.	Particulars	Amount (in ₹)
a.	Two percent of average net profit of the Company as per section 135(5)	104,498,863
b.	Surplus arising out of the CSR projects or programs or activities of the previous financial years	NIL
c.	Amount required to be set off for the financial year, if any	NIL
<b>d.</b>	<b>Total CSR obligation for the financial year (7a+7b- 7c)</b>	<b>104,498,863</b>

### DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

During 2021-22, IIFL Home Finance Limited, spent a total of ₹ 75,060,345 on CSR projects. A breakdown of the manner in which this expenditure was made has been depicted in the table given below.

a) 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 proviso to section 135(5)		
	Amount (in ₹)	Date of transfer	Name of the Fund	Amount	Date of transfer
75,060,345	30,300,000	April 15, 2022	NIL	NIL	NIL

b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Sakhiyon ki Badi	Promoting Education	No	Rajasthan	Pratapgarh, Udaipur, Rajsamand, Chittorgarh	4 years	66,853,487	36,553,487	30,300,000	No	IIFL Foundation	CSR00002470
	<b>TOTAL</b>							<b>36,553,487</b>	<b>30,300,000</b>			



## ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account	Mode of Implementation - Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State.	District.				Name	CSR Registration number.
1	Chauras – Literacy center for children of labourers at construction site	Promoting Education	No	Uttar Pradesh	Gautam Budh Nagar	631,950	NIL	No	IIFL Foundation	CSR00002470
2	IIM Udaipur	Promoting Education	No	Rajasthan	Udaipur	1,000,000	NIL	No	IIFL Foundation	CSR00002470
3	Phulwari (Maa Bari)	Promoting Education	No	Rajasthan	Sarada	5,876,605	NIL	No	IIFL Foundation	CSR00002470
4	Development at Govt. Hospital	Promoting Healthcare	No	Rajasthan	Udaipur	7,283,200	NIL	No	IIFL Foundation	CSR00002470
5	Vaccine delivery using Drone	Promoting Healthcare	No	Maharashtra	Palghar	980,000	NIL	No	IIFL Foundation	CSR00002470
6	Ambulance	Promoting Healthcare	No	Rajasthan	Udaipur	804,037	NIL	No	IIFL Foundation	CSR00002470
7	Development of Ophthalmic ward	Promoting Healthcare	No	Rajasthan	Rajsamand	1,275,000	NIL	No	IIFL Foundation	CSR00002470
8	Seva Kutir – Learning center	Promoting Education	No	Madhya Pradesh	Khandwa	3,473,333.33	NIL	No	IIFL Foundation	CSR00002470
9	Govt. School – science laboratory	Promoting Education	No	Rajasthan	Rajsamand	1,000,000	NIL	No	IIFL Foundation	CSR00002470
10	Solar installation at Govt. School	Promoting Education	No	Maharashtra	Palghar	1,111,320	NIL	No	IIFL Foundation	CSR00002470
11	Mission Conquer Covid – Oxygen concentrators	Promoting Healthcare	No	Rajasthan	Udaipur, Pratapgarh, Rajsamand, Pali	7,353,600	NIL	No	IIFL Foundation	CSR00002470
12	Cycle Distribution for students (Girls)	Promoting Education	No	Maharashtra	Palghar	171,700	NIL	No	IIFL Foundation	CSR00002470
13	Developing Bazaar Hub – Gulabi Gaon	Eradicating Poverty	No	Maharashtra	Nashik	1,188,013	NIL	No	IIFL Foundation	CSR00002470
14	Vaccination Drive	Promoting Healthcare	No	Maharashtra	Mumbai	72,994	NIL	No	IIFL Foundation	CSR00002470
15	Chartered Financial Expert (CFX) Certification course	Poverty Alleviation	No	Maharashtra	Mumbai	910,440	NIL	No	IIFL Foundation	CSR00002470
16	Livestock Development Program	Livelihood	No	Rajasthan	Ajmer	1,014,321	NIL	No	IIFL Foundation	CSR00002470
				Karnataka	Mandya					
				Tamil Nadu	Tiruppur					
17	Resource creation to enable awareness of green affordable housing	Promoting Education	Yes	PAN India	PAN India	872,000	NIL	Yes	-	-
18	Kutumb Pro Mobile Application	Promoting Education	No	Haryana	Gurgaon	436,000	NIL	Yes	-	-
19	Pankh	Promoting Education	Yes	Rajasthan,	Jaipur	2,779,300	NIL	No	TSL (GSS - NGO arm of TSL)	CSR00000264
				Karnataka,	Bangalore					
				Maharashtra,	Pune					
				Telangana	Hyderabad					
				Haryana	Gurgaon					
20	Livelihood	Livelihood	Yes	Haryana	Gurgaon	273,045	NIL	No	Agency-Green Dream Foundation	CSR00000349
	<b>TOTAL</b>					<b>75,060,345</b>				



## ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

- d) **Amount spent in administrative overheads:** NIL  
 e) **Amount spend on impact assessment:** Nil  
 f) **Total amount spent for the Financial Year under review:** ₹ 75,060,345  
 g) **Excess amount for set off, if any :** NIL

### (a) Details of Unspent CSR amount for the preceding three financial years

Sl. No.	Preceding Financial year	Amount transferred to Unspent CSR account under Section 135 (6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the fund	Amount (in ₹)	Date of transfer	
1.	2020-21	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2018-19	-	-	-	-	-	-
	<b>TOTAL</b>						

### (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial year in which the project was commenced	(5) Project duration*	(6) Total amount allocated for the project (in ₹)**	(7) Amount spent on the project in the reporting financial year (in ₹)	(8) Cumulative amount spent at the end of reporting financial year (in ₹)	(9) Status of the project - Completed /Ongoing
1.	IIFL-CSR SKB01	Sakhियों ki Baadi	2020-21	4	156,000,000	36,553,487	85,906,054	Ongoing
	<b>TOTAL</b>					<b>36,553,487</b>	85,906,054	

\*Project duration is from the year of commencement of the Project

\*\*Represents budget for the financial year 2020-21

#### Brief Description of Key Projects:

#### i. Sakhियों ki Baadi - Girl Child Illiteracy Eradication program

It is a matter of great concern and shame that girls in large number continue to be out of school and remain illiterate. This problem is particularly severe in northern state of Rajasthan, the Company has vowed to change this in the next few years by starting community schools, which are multi grade multi-level schools and set in the villages, making it accessible for girls to get educated. Sakhियों ki Baadi learning centers are teaching a predefined syllabus which is in alignment with the topics prescribed in the textbooks followed at Government Schools in Rajasthan.

The initiative covertly contributes to conservation of Indigenous languages, provides employment to native females and promotes skill building among the marginalized communities. The initiative is helping to meet three of the UN's Sustainable Development Goals – Quality Education, Gender Equality and Reduced Inequalities.

#### ii. Chauras – Learning center for children of laborers at construction site

Chauras is a learning center cum crèche for children of migrant construction site workers. The center operates from 9.00 am to 5:30 p.m., through the week, providing education, healthy meals and overall a place of safety for the children in age of 3 months to 15 years old.

Post lockdown, Chauras regained its operation observing the safety guidelines issued by the Health Ministry of India to prevent spread of Covid-19. Health check-ups and vaccinations are scheduled at regular intervals.

#### iii. Phulwari (Maa Bari)

Partnering with the Tribal Area Development (TAD) Department of Rajasthan, the Company upgraded the 'Maa Bari' learning centers by introducing Electricity through installation of Solar panels, facilitated water supply for drinking and sanitation, and introduced Digital Learning Tool (TV with preloaded learning videos), both powered by solar energy. On-boarding SAMPARK Foundation as an academic partner, a special emphasis is made to improve learning outcome of students through use of learning kits and regular training to the teachers.

IIFL Foundation launched a scholarship to be awarded to girls pursuing academic education in 9th grade and upwards till Graduation.

The Project is planned to support education of 1000 girls in the state of Bihar, West Bengal, Odisha, Karnataka, Tamil Nadu, Rajasthan and Maharashtra. A set of selected students studying in 9th and 10th grade will be awarded a scholarship of ₹ 3,500 each, while those studying in 11th grade all the way till graduation shall receive a scholarship amounting to ₹ 5,000 each.



## ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

### iv. Development at Government Hospitals – Udaipur, Rajasthan

Developing the dormant wards at the Maharana Bhupal Government Hospital, Udaipur (Rajasthan), to setup Operation Theatres (OT), Intensive Care (ICU), Outpatient Department (OPD), Cabins for Senior Doctors and Resident doctors and waiting area for family members of the patients.

The development is carried along with installation of required Medical Equipment in the OT, OPD and ICU and furnishing of the wards. (Ceiling, Flooring, Electrical Fixtures)

### v. Vaccine Delivery using Drone

IIFL Foundation partnered with central and state Governments to start Maharashtra's first Covid-19 vaccine delivery through drones to reach the inaccessible terrains in Jawhar taluka of Palghar district.

This drone-based vaccine delivery is one of the country's first vaccine delivery operations with a 5 kg payload capacity and range of covering 25 kilometers in 9 mins, which otherwise takes over 70 minutes to cover by road (hilly region and poor road condition).

### vi. Ambulance

Donated of an Ambulance (Rajasthan) to offer free of cost service to marginalized population dwelling in rural settlements.

### vii. Development of Ophthalmic Ward (Rural)

IIFL Foundation helped to setup an Ophthalmic Ward at the Primary Health Center (PHC) at Khamnor (rural), Rajasthan. This is the first and only facility of such kind in the Khamnore village, that shall be beneficial to people residing in the rural hamlets in a radius of 30 kms from PHC. In next phase, IIFL Foundation is planning to setup Ophthalmic Surgery ward.

### viii. Seva Kutir – Learning Centers

A set of community-based learning center for holistic development of children from marginalized communities. Children are offered special coaching to excel in academics, given nutritious meals twice a day and engaged in extra-curricular activities. A mini library with collection of 100 books is setup to improve reading and comprehension skills. Special sessions are conducted on value education covering themes as Self Awareness, Responsibility, Ethics and Morals. The programme functions in Khandwa District of Madhya Pradesh.

### ix. Development at Government School – Science Laboratory

To improve infrastructure at Government Schools (Rural) and promote better facilities to students, we're constructing Science Laboratories, Computer room and Sanitation Facility at Govt. Girls Senior Secondary School (up to 12th grade), GP – Khamnore, Rajasthan. Each year, over 500 girls will be benefited from this facility and enable to pursue higher education and subsequently careers in science stream.

### x. Solar Installation at Government Schools

With this initiative IIFL Foundation intends to provide decentralized energy system to 50 Primary Schools (Government) of Zilla Parishad at Palghar District (from Vikramgad, Jawahar, Mokhada and Wada), to not only fulfil their need for electricity, but also helping to use of digital learning systems (Computers and Android Tablets). The initiative helps to reduce Carbon Footprint and promotes SDG 7 – Affordable and Clean Energy.

### xi. Mission Conquer Covid-19 – Oxygen Concentrators

IIFL Foundation donated oxygen concentrators at Rajasthan to Primary Health Care Centers (PHCs) and Government Hospitals. The machines were handed to the local authorities - District Collector (IAS) and Chief Medical and Health Officer (CMHO) of the respective blocks. The oxygen concentrators were installed at the Primary Health Care Center (PHCs) and panchayat offices at village level, to save lives of people that tested positive for Covid-19.

### xii. Covid-19 Vaccination Drive for Individuals with Special Needs

As part of its mission 'Conquer Covid', IIFL Foundation initiated 'Kindness on Wheels' vaccination drive at Mumbai. This initiative was aimed at vaccinating the specially-abled individuals, who had no means or assistance to visit the vaccination center. A safe and sanitized auto rickshaw service was provided at the doorstep of the specially-abled individuals, along with a driver trained to support the individuals with special needs. About 1,000 individuals benefited from this initiative which included.

Individuals affected from blindness, low vision, hearing impairment, locomotor disability, autism spectrum disorder, cerebral palsy, muscular dystrophy, multiple sclerosis and multiple disabilities (including deaf-blindness), along with people who cured from leprosy..

### xiii. Livestock Development Program

IIFL Foundation has initiated Livestock Development Program - Cattle in Rajasthan, Tamil Nadu and Karnataka to provide services/ inputs at the



## ANNEXURE – I TO DIRECTORS' REPORT (Contd.)

doorstep of the cattle owners to encourage and maintain livestock rearing as a secondary source of income. The main objective of livestock development activities is to upgrade the local indigenous low milk-yielding cows and promote dairy produce, thus fostering development in livestock.

#### xiv. Pankh: de unke sapne ko udaan

IIFL Home Finance Limited has established learning centres (including creche and multi grade and multi level education delivery) for children of migrant construction workers, operational near the construction sites as IIFL HFL's Social Impact Program. Social impact Program. It endeavors to breakdown the barriers and bridge the gap between formal education and and children of migrant construction site workers.

We have launched 5 centres with total number of:

Women - 139

Children - 116

Community Size - 1094

#### xv. Coverage

Spreading knowledge on awareness and adaptation of sustainable lifestyle and Green Affordable Housing across groups through different mode of effective communications.

#### RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE

Through this report, IIFL Home Finance Limited seeks to communicate its commitment towards CSR to the Ministry of Corporate Affairs. The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policies as laid down in this Report. The Board of the Company and the CSR Committee is responsible for the integrity and the 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 marginalized 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 the Section 135, the Company has also established a monitoring mechanism to track the progress of its CSR projects. The CSR Committee and the Board ensures that the funds disbursed have been utilized for the purpose and in the manner as approved by it and the Chief Financial Officer.

#### INCASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS)

- Date of creation or acquisition of the capital asset(s).  
– **Not applicable**
- Amount of CSR spent for creation or acquisition of capital asset – **Not applicable**
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address among the others – **Not applicable**
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) – **Not applicable**

**Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).**

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

#### For IIFL Home Finance Limited

##### R. Venkataraman

Chairman

(DIN: 00011919)

Place: Mumbai

Date: April 25, 2022

##### Monu Ratra

Executive Director & CEO

(DIN: 0740628)

Place: Gurugram



## ANNEXURE – II 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, 201

Sr. No	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	102.45%
		<b>Non- Executive Director</b>	
		Mr. S. Sridhar	2.84%
		Mr. Kranti Sinha	2.84%
		Mr. Nirmal Jain	NIL
		Mr. R. Venkataraman	NIL
		Ms. Suvalaxmi Chakraborty*	2.84%
		Ms. Mohua Mukherjee#	NIL
2	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year.	Executive Chairman	NIL
		Executive Director & CEO	11%
		<b>Non- Executive Director</b>	
		Mr. S. Sridhar	NIL
		Mr. Kranti Sinha	NIL
		Mr. Nirmal Jain	NIL
		Mr. R. Venkataraman	NIL
		Ms. Mohua Mukherjee#	NIL
		Ms. Suvalaxmi Chakraborty*	NIL
		Mr. Arun Kumar Purwar	NIL
		<b>KMPs other than Directors</b>	
		Chief Financial Officer	18%
		Company Secretary	25%
3	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 9%. The calculation of % increase in median remuneration is done based on comparable employees. For 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 2627 employees on the rolls as on March 31, 2022.	
5	Average percentile increases already made in the salaries of employees other than the 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 increase in the managerial remuneration;	Not applicable to the Company as all the employees are under managerial role.	
6	Key parameters for any variable component of remuneration availed by Directors	The broad factors and guidelines considered for performance bonus are: (a) annual performance review by the Board (b) financial outcomes and profitability of the Company.	
7	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.	

- \*Ms. Suvalaxmi Chakraborty ceased to be Director of the Company w.e.f. June 15, 2021 due to her resignation. She was paid commission of Limited 10,00,000 during the year under review for her contribution in the growth of the Company for financial year 2020-21.
- # Ms. Mohua Mukherjee was appointment as Director of the Company w.e.f. August 26, 2021.

### For and on behalf of the Board of Directors of IIFL Home Finance Limited

**Monu Ratra**  
Executive Director & CEO  
(DIN: 07406284)  
Place: Gurugram

**R. Venkataraman**  
Director  
(DIN: 00011919)  
Place: Mumbai

Date: April 25, 2022



## ANNEXURE – III TO DIRECTORS' REPORT

FORM NO. MR - 3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

[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)

(Formerly known as India Infoline Housing Finance Limited)

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 in compliance with the applicable statutory provisions and in adherence to good corporate practices by **IIFL Home Finance Limited (Formerly known as India Infoline Housing 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 - 400604. The Secretarial Audit was conducted in a manner that provided us a reasonable foundation 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 the financial year ended **March 31, 2022**, 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 financial year ended on March 31, 2022 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 applicable. Further, there were no compliances required relating to Foreign Direct Investment, Overseas Direct

Investment except External Commercial Borrowings during the period under review.

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**
  - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - iii. The 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];**
  - iv. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**
  - v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - vi. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - vii. The 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;
  - viii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable since the shares of the Company are not listed on any stock exchange during the period under review];**
  - ix. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; **[Not**



## ANNEXURE – III TO DIRECTORS' REPORT (Contd.)

**applicable since the shares of the Company are not listed on any stock exchange during the period under review].**

- 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 and 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 and 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. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Notification No. G.S.R 186 (E) dated March 19, 2020 read with Notification No. G.S.R 806 (E) dated December 30, 2020 issued by the Ministry of Corporate Affairs to conduct the Meetings of the Board or its committees through Video Conferencing (VC) or other audio-visual means (OAVM).

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, or any other norms, mentioned above subject to observations elsewhere mentioned in the report.

**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 in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act:

- i. Ms. Suvalaxmi Chakraborty (DIN: 00106054), Independent Director of the Company tendered her resignation from the Directorship of the Company with effect from June 15, 2021, and the same was noted in Board Meeting held on July 24, 2021.
- ii. Ms. Mohua Mukherjee (DIN: 08714909) had been appointed as an Additional Director (Independent Director) of the Company via Circular Resolution No. 02/Board/2021-22 on August 26, 2021. Further appointment of Ms. Mohua Mukherjee was confirmed in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021.

Adequate notice(s) were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent generally seven days in advance to all Directors and 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.

As per the records, the Company has generally filed all the returns, documents and resolutions, forms, as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is generally in compliance with the Act.

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.





## ANNEXURE – III TO DIRECTORS' REPORT (Contd.)

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

- i. During the period under review, the Board in its meeting held on June 10, 2021 has accorded approval to invest by way of subscription of 3,05,25,030 (Three Crore Five Lakh Twenty-Five Thousand and Thirty) Equity shares of **Samasta Microfinance Limited**, an Associate Company being 25% of the total issue size at a price of Limited 16.38 per equity share aggregating to Limited 49,99,99,991.40 on Rights Basis. Further the Finance Committee in its meeting held on March 31, 2022 has accorded approval to invest by way of subscription of 1,38,27,433 (One Crore Thirty-Eight Lakh Twenty-Seven Thousand Four Hundred and Thirty-Three) Equity shares of **Samasta Microfinance Limited**, an Associate Company being 25% of the total issue size at Limited 10 each at a price of Limited 18.08 per equity share aggregating to Limited 25 crore (Rupees Twenty Five Crore Only) on Rights Basis.
- ii. The Finance Committee of the Board in their meeting held on September 17, 2021 provided their consent to incorporate a Wholly Owned Subsidiary of the Company named "**IIFL Sales Limited**" and the same was incorporated on September 28, 2021.
- iii. Pursuant to RBI's Circular No. DoS. CO.ARG/ SEC.01/08.91.001/2021-22 ("RBI Circular") dated April 27, 2021 the term of office for M/s. M.P. Chitale & Co., Chartered Accountants, (Firm Registration Number:101851W) Statutory Auditors of the Company has been revised from a term of 5 years to a term of 3 years, i.e. till the Financial Year 2022-23 in the Board Meeting dated September 28, 2021. Further for the remainder of this revised term, M/s. MP Chitale & Co. were designated to act as Joint Statutory Auditors of the Company. Also, the said revision in tenure of Auditors, was approved in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021.
- iv. Pursuant to the RBI Circular M/s. Suresh Surana & Associates LLP, Chartered Accountants, (Firm Registration Number: 121750W/W100010) were appointed as Joint Statutory Auditors with the existing Statutory Auditors in the Board Meeting held on September 28, 2021. Further, the appointment of M/s. Suresh Surana & Associates LLP, was confirmed in the 24th Extraordinary General Meeting ("EGM") held on September 30, 2021 and they were appointed as the Statutory Auditors of the Company for a further period of 3 years in the said EGM.
- v. During the period under review, the Company has made two allotments of 6,558,231 and 4,043,868 each of Unsecured and Secured Redeemable Non-Convertible Debentures respectively to the Public having value of Limited 1,000 (Rupees One Thousand Only) each, aggregating to 655,82,31,000 in Tranche I and 404,38,68,000 in Tranche II.
- vi. The Board of Directors of the Company in its meeting held on January 25, 2022 provided their consent to offer, Secured/Unsecured/ Listed/Unlisted/ Rated/ Unrated/ Non - Convertible/ Market Linked/ Subordinated Debt/ Perpetual Debentures/Fixed Maturity Debentures, aggregating to 2,000 crore on private placement basis during the financial year 2022-23, (i.e. April 1, 2022 to March 31, 2023), in one or more tranches and delegated the necessary powers to the Finance Committee.
- vii. The Company has declared interim dividend @ ₹ 30 per share on January 25, 2022 in compliance of the applicable provisions stated in the Act.

### For RMG & Associates

Company Secretaries  
Firm Registration No. P2001DE016100  
Peer Review No.: 734/2020

Place : New Delhi

Date: April 25, 2022

UDIN: F005123D000198998

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

**CS Manish Gupta**

Partner

FCS: 5123; C.P. No.: 4095



## ANNEXURE – III TO DIRECTORS' REPORT (Contd.)

### The Members

#### IIFL Home Finance Limited

(Formerly known as India Infoline Housing Finance Limited)

Our Secretarial Audit Report of even date, for the financial year ended March 31, 2022 is to be read along with this letter:

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.
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.
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 and examination of records, as facilitated by the Company, for the purpose of issuing this Report.

#### For RMG & Associates

Company Secretaries

Firm Registration No. P2001DE016100

Peer Review No.: 734/2020

Place : New Delhi

Date: April 25, 2022

UDIN: F005123D000198998

**CS Manish Gupta**

Partner

FCS: 5123; C.P. No.: 4095



## ANNEXURE – IV TO DIRECTORS' REPORT (Contd.)

### Related Party Transaction Policy

#### IIFL HOME FINANCE LIMITED

#### 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** 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):

##### V. 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.

### VI. 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 and 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 and 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, at least 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.
- vi. 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;
- vii. 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



## ANNEXURE – IV TO DIRECTORS' REPORT (Contd.)

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;

- viii. 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.

- ix. 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.

### A. 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.

With effect from April 1, 2022, other than for brand usage or royalty, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

### D. Review of RPTs by Audit Committee

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

### E. Disclosure

- i. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.





## ANNEXURE – IV TO DIRECTORS' REPORT (Contd.)

- 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.

### VII. 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, and more
- c) In case of infrastructure and common sharing arrangement, the terms of arrangement including the nature and quality of services, consideration and other terms and conditions shall be as comparable with the terms if availed from the market/third parties.
- d) In case of purchase/ sale of fixed assets or other assets, the same shall be at market prices or per the valuer certificate.
- e) Related Party Transaction shall be approved after assessing all material terms and conditions of the transaction and ensure that the terms are comparable with the market rates/practices at the particular point of time and on arm's length-basis. The following information will be taken into account when assessing a Related Party Transaction:

- a. The terms of such transaction;
  - b. The related person's interest in the transaction;
  - c. The purpose and timing of the transaction;
  - d. The nature of the Company's participation in the transaction;
  - e. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs-basis
  - f. Information concerning potential counterparties in the transaction;
  - g. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction
  - 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.

#### For and on behalf of the Board of Directors

**Monu Ratra**  
Executive Director & CEO  
DIN: 07406284  
Place: Gurugram  
Place: Mumbai  
Date: April 25, 2022

**R. Venkataraman**  
Director  
DIN: 00011919