



**RELATED PARTY TRANSACTIONS POLICY**

**CITICORP FINANCE (INDIA) LIMITED**

**REVIEWED BY:**

FINANCE, CORPORATE  
SECRETARIAL AND COMPLIANCE

**REVISED: August 11, 2023**

**LAST APPROVED BY THE  
BOARD: August 08, 2022**



## **1. Introduction**

This policy is to regulate the transactions of the Company with Related Parties in compliance with various applicable laws, including under the Companies Act, 2013 (the “Act”) and its prescribed Rules and also the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as SEBI Regulations), to the extent applicable, prescribed for related party transactions of the Company (i.e., Citicorp Finance (India) Limited).

## **2. Objective of the policy**

The objective of this policy is to set out a process for approval, disclosure and reporting of related party transactions.

The Board / Audit Committee will review and may amend this policy from time to time.

## **3. Definitions**

**3.1 Act** means the Companies Act, 2013

**3.2 SEBI Regulations** means the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations, 2015

**3.3 Company:** Means Citicorp Finance (India) Limited

**3.4 Arm’s Length Transaction** means a transaction between two related parties that is conducted as if they were unrelated so that there is no conflict of interest.

**3.5 Related Party:** A Related Party shall have the same meaning as defined under the Act and SEBI Regulations.

**3.6 Related Party Transaction (“RPT”):** A Related Party Transaction shall have same meaning as defined in the Act and SEBI Regulations.

**3.7 Relative:** Means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

**3.8 Key Managerial Personnel or KMP** shall have the meaning as defined in the Companies Act 2013.

**3.9 Material RPT and Material Modification** shall have the meaning as defined in the Act and Regulations 23 of the SEBI Regulations.



*Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation.*

#### **4. Procedure for approval of related party transactions**

##### **4.1 Approval of the Audit Committee**

A. All the related party transactions and subsequent material modifications must be reported to the Audit Committee for its approval in accordance with this Policy. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Any member of the Audit Committee who has a potential interest in any related party transactions will abstain from discussion and voting on the approval of the related party transactions.

*Material modification will mean and include any modification to an existing RPT having variance of 10% of the existing approved limit.*

B. The Company may obtain omnibus approval from the Audit Committee for such transactions, subject to the conditions specify in SEBI Regulations and compliances with the following conditions:

1. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
  - i. maximum value of the transaction, in aggregate, under the omnibus route in a year;
  - ii. the maximum value per transaction;
  - iii. extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval;
  - iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
  - v. transactions which cannot be subject to the omnibus approval by the Audit Committee

Audit Committee will grant omnibus approval on at an annual basis.

2. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
  - i. repetitiveness of the transactions (in past or in future);
  - ii. justification for the need of omnibus approval



3. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
4. The omnibus approval shall provide details of:
  - i. the name/s of the related party;
  - ii. nature and period of the transaction;
  - iii. maximum amount of transaction that can be entered into;
  - iv. the indicative base price or current contracted price and the formula for variation in the price if any and
  - v. Such other conditions as the Audit Committee may deem fit.

Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction.

5. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
6. The audit committee shall review, at least on a quarterly basis, the details of related Party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
7. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
8. In case of any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it:
9. Any other conditions as the Audit Committee may deem fit.
10. In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with this policy, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all the relevant facts and circumstances regarding the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems and shall take any such action it deems appropriate. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.



## **5. Prior approval of the Board of Directors**

Transactions with the related parties which are either not in the Ordinary Course of Business or not at the Arms' Length shall require prior approval of the Board. The Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself/herself and abstain from discussion and voting on the approval of the Related Party Transaction.

## **6. Approval of the Shareholders of the Company**

All RPT specified in the Act which are not in the Ordinary Course of Business of the Company or not at Arm's Length Basis; and exceed the thresholds laid down in Companies (Meeting of Board and its Power) Rules, 2014 and specified in SEBI Regulations shall require prior shareholders' approval by passing a special resolution. In such a case, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.

However, the requirement of shareholders' approval shall not be applicable for transactions entered into between the company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

## **7. Disclosures**

The details of all the related party transactions as required under the Accounting Standard and any other law as may be applicable from time to time must be provided in the Annual Report of the Company.

The details of related party transactions to be submitted to stock exchange along with standalone and consolidated financial results for the half year in the format as specified by the Board from time to time and to be published on the website.

Such disclosures shall be made every six months within fifteen days from the date of publication of its standalone and consolidated financial results. With effect from April 1, 2023, such disclosures shall be made every six months on the date of publication of standalone and consolidated financial results.

In case the transactions are not in ordinary course of business or not at arm's length basis as prescribed in Section 188(1) of the Act with related parties, the Company shall disclose the same in the Board's report along with the justification for entering into such transaction. The Policy shall be made available on the website of the Company and a web link thereto shall be provided in its Annual Report.



## **8. Review of the Policy**

The adequacy of this Policy shall be reviewed and reassessed by the Committee Annually and appropriate recommendations shall be made to the Board.

## **9. Administrative Measures**

The Company may proceed against a director or any employee who enters into or authorize the contract or arrangement in violation of the provision of the Act and any other laws as may be applicable from time to time.

## **10. Interpretation**

In any circumstance where the provisions of this Policy differs from any newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard