

**CATERPILLAR FINANCIAL SERVICES INDIA  
PRIVATE LIMITED**

**RELATED PARTY TRANSACTION POLICY**

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## Objective

The Companies Act, 2013 and the Rules made thereunder and the Regulatory Framework for NBFCs prescribed by RBI from time to time, contain provisions related to Related Party Transactions and require framing a policy on these transactions. In order to comply with the said compliance requirements, the Company has formulated this 'Policy on Related Party Transactions'. This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions.

## Scope

This Policy shall be applied in:

- i. Identifying Related Parties, updating and maintaining the database of such Related Parties;
- ii. Identifying Related Party Transactions;
- iii. Identifying whether the Related Party Transactions are in Ordinary Course of Business and at Arms' Length in relation to the Related Parties;
- iv. Obtaining approval before entering into the Related Party transactions;
- v. Documenting the Arms' Length pricing of transactions and
- vi. Determining the disclosures to be made about these transactions.

Going Forward, the Audit Committee will review and amend this Policy, as and when required, subject to approval of Board.

## Definitions

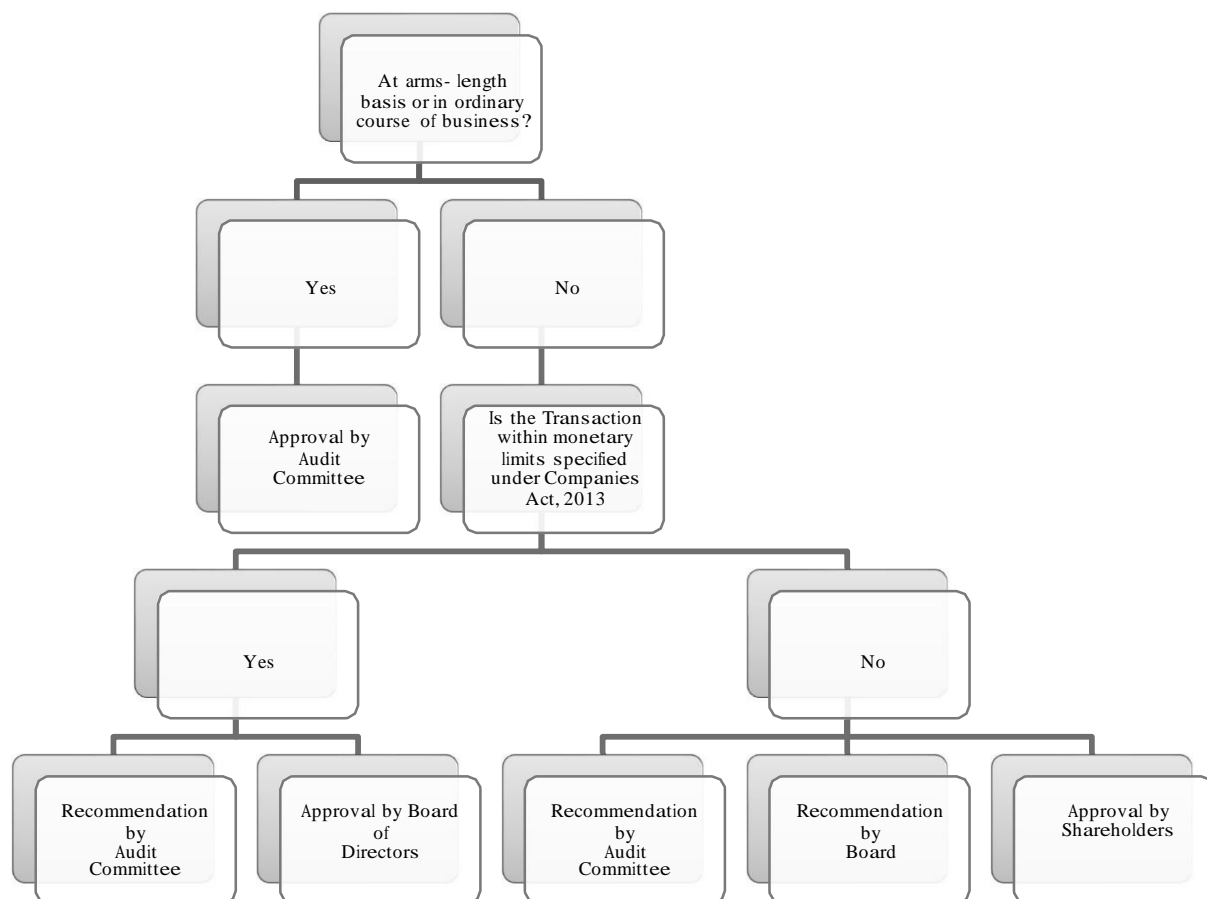
- a. "Act": means the Companies Act, 2013 and the Rules framed thereunder including any modifications, amendments, clarifications, circulars or re-enactments thereof from time to time.
- b. "Audit Committee or Committee" shall have the same meaning as defined under Section 177 of the Companies Act, 2013.
- c. "Arm's Length Transactions" shall mean the transactions carried out between the Related Parties as if they are not related to each other avoiding the 'Conflict of Interest'.
- d. "Board" means Board of Directors of the Company.
- e. "Company" means Caterpillar Financial Services India Limited.
- f. "Key Managerial Personnel" means key managerial personnel as defined under the Act.
- g. "Related Party" means a related party as defined under the Act.
- h. "Related Party Transaction" means any transaction as defined under the Act.
- i. "Relative" means a relative as defined under the Act.
- j. "Transaction" with a Related Party shall be construed to include single transaction or a group of transactions whether or not under a contract.

## Identification of Related Parties

Each Director and Key Managerial Personnel is responsible for providing notice to the Audit/Board Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the Transaction that the Board/Audit committee may reasonably request. The Board/Audit Committee will determine whether the Transaction does in fact, constitute a Related Party Transaction requiring compliance with the Policy.

Every Director, Key Managerial Personnel and connected Related Parties shall at the beginning of the financial year disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto during the financial year as immediately as practicable.

## Approvals required for Related Party Transaction (RPT)



## A. Audit Committee

All the transactions which are identified as related party transactions should be preapproved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

Any member of the Committee who has a potential interest in any related party transaction will excuse himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as discussed subsequently.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus other approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

## B. Board of Directors

In case any related party transactions are referred by the Audit Committee to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, 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, etc. 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 excuse himself and abstain from discussion and voting on the approval of the related party transaction.

## C. Shareholders

If a related party transaction is not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by an ordinary resolution. In such a case, any member who is a related party, shall not vote on resolution passed for approving such related party transaction.

## Reporting of Related Party Transactions

Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

## Exemptions

Nothing contained in this Policy shall apply to any contract or arrangements with Related Party—

- i. In the Ordinary Course of its business and on an Arms' length basis;
- ii. Transactions available to all employees generally;
- iii. Service availed in a professional capacity from body corporate/person on an Arm's length basis and on ordinary course of business;
- iv. The following transaction(s) undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year:
  - a. transaction(s) done in Ordinary Course of Business at arm's length;
  - b. receipt of remuneration by way of sitting fees;
  - c. reimbursement of expenses for attending board and other meetings;

## Related Party Transactions not approved previously

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

## Indemnity

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Audit Committee/ Board or approval by an Ordinary Resolution in the General Meeting under Sub Section (1) of Section 188 of the Companies Act, 2013 and if it is not ratified by the Board or, as the case may be, by the shareholders such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any Director, or is authorized by any other Director, the Company may demand that the Directors concerned shall indemnify the Company against any loss incurred by it.

## Scope Limitation

In the event of any conflict between the provision of this Policy and of the Companies Act, 2013 or any other statutory enactments, rules or any amendment thereof made vide notifications / circulars as may be published in Official Gazette of India from time to time, the provisions of such enactment or amendment shall prevail over this Policy and this policy shall automatically stand amended in accordance with any such statutory enactment or the amendments