



**Policy on Materiality of Related Party Transactions
and on dealing with the Related Party Transactions
of Export-Import Bank of India**

[Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

(April 2024)

1. INTRODUCTION

Export-Import Bank of India ("**Bank**") is a statutory corporation established under the Act (*as defined below*) of Parliament in September 1981 by the Government of India. The Bank is wholly owned by the Government of India and governed by the Export-Import Bank of India Act, 1981 ("**Act**") for providing financial assistance to exporters and importers, and for functioning as the principal financial institution for coordinating the working of institutions engaged in financing export and import of goods and services with a view to promote the country's international trade and for matters connected therewith or incidental thereto. The Bank is an 'All India Financial Institution' supervised by the Reserve Bank of India.

The Bank has listed its non-convertible debt securities and as a high value debt listed entity, the Bank needs to adhere with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and guidelines issued by Securities and Exchange Board of India. Regulation 23 of the Listing Regulations puts an obligation on the Bank to formulate the 'policy on materiality of Related Party Transactions and on dealing with Related Party Transactions' ("**Policy**").

2. SCOPE

The Policy is framed to address the matters pertaining to Related Party Transactions, dealing with Related Party Transactions, threshold limit of materiality and other aspects as required under the Act, Listing Regulations and any other laws and regulations as may be applicable to the Bank.

3. DEFINITIONS

"**Act**" shall mean the Export-Import Bank of India Act, 1981.

"**Associate Company**" in relation to another company, means a company in which that other company has a significant influence, but which is not a Subsidiary company of the company having such influence and includes a joint venture company.

For the purpose of this definition, 'significant influence' means control of at least 20 (twenty) percent of total voting power, or control of or participation in business decisions under an agreement; and 'joint venture' means a joint arrangement

whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

“Audit Committee” means the audit committee constituted by the Board and as reconstituted from time to time.

“Board” shall mean the board of directors of the Bank.

“Directors” means appointed or elected or nominated members of the Board.

“Government Company(ies)” means any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company.

“Independent Director” means a non-executive director who is not a chairman or a managing director or a whole-time director and as more particularly have the meaning set out under Listing Regulations, and in case of a high value debt listed entity being a body corporate required to constitute its board of directors in a specified manner in accordance with the law under which it is established, the non-executive directors on its board shall be treated as Independent Directors.

“Key Managerial Personnel” or “KMP”, in relation to the Bank means:

- (a) chairman
- (b) managing director;
- (c) deputy managing directors;
- (d) company secretary;
- (e) chief financial officer;
- (f) chief compliance officer;
- (g) head of internal audit;
- (h) such other officers, designated by the Board as KMP but are not below the general manager level;
- (i) board secretary; and
- (j) Such other officer as may be prescribed.

“Listing Regulations” shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

“Material Related Party Transaction(s)” shall mean (i) a transaction with a Related Party to be entered into individually or taken together with previous transactions during a financial year, exceeds Indian rupees one thousand crores or ten percent of the annual consolidated turnover (to be construed as standalone, if the consolidation of financial statements is not applicable) of the Bank as per the last audited financial statements of the Bank, which ever is lower; or (ii) with effect from 01st July 2019, a transaction involving payments made to the Related Party with respect to brand usage or royalty, to be entered into individually or taken together with previous transaction during a financial year, exceed five percent of the annual consolidated turnover (to be construed as standalone, if the consolidation of financial statements is not applicable) of the Bank as per the last audited financial statements of the Bank.

“Related Party” with reference to the Bank (to the extent applicable) shall mean -

- (i) a director or his/her Relative;
- (ii) a key managerial personnel or his/her Relative;
- (iii) a firm, in which a director, manager or his/her Relative is a partner;
- (iv) a private company in which a director or manager or his/her Relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his/her Relatives, more than two per cent of its paid-up share capital;
- (vi) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any body corporate which is-
 - (A) a holding, subsidiary or an Associate Company of the Bank;
 - (B) a subsidiary of a holding company to which it is also a subsidiary;or

(C) an investing company or the venturer of the Bank;

Explanation - For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an Associate Company of the body corporate.

(ix) such other person as may be prescribed;

or "related party" as prescribed under the applicable accounting standards:

Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the Bank; or

(b) any person or any entity, holding equity shares:

(i) of twenty percent or more; or

(ii) of ten percent or more, with effect from 01st April 2023;

in the Bank either directly or on a beneficial interest basis as provided under applicable law, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

"Related Party Transaction(s)" shall mean a transaction involving a transfer of resources, services or obligations between:

(a) the Bank or any of its subsidiaries on one hand and a Related Party of the Bank or any of its subsidiaries on the other hand; or

(b) the Bank or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a Related Party of the Bank or any of its subsidiaries, with effect from April 1, 2023; regardless of whether a price is charged and a "transaction" with a Related Party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a Related Party Transaction:

(i) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(ii) the following corporate actions by the Bank which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

I. payment of dividend;

II. subdivision or consolidation of securities;

- III. issuance of securities by way of a rights issue or a bonus issue; and
 - IV. buy-back of securities.
- (iii) acceptance of fixed deposits by banks/non-banking finance companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of Related Party Transactions every six months to the stock exchange(s), in the format as specified by the Securities and Exchange Board of India.

“Relative” shall mean with reference to any person, means any one who is related to another, if-

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or.
- (iii) one person is related to the other.

For the purpose of (iii) above, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:- (i) Father, provided that the term “Father” includes step-father; (ii) Mother, provided that the term “Mother” includes the step-mother; (iii) Son, provided that the term “Son” includes the step-son; (iv) Son’s wife; (v) Daughter; (vi) Daughter’s husband; (vii) Brother, provided that the term “Brother” includes the step-brother; and (viii) Sister, provided that the term “Sister” includes the step-sister.

“Subsidiary” shall mean a company in which the Bank (i) controls the composition of the board of directors or (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

4. MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

- I. All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee provided that if in the future the provisions related to Independent Directors become applicable to the Bank then only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

II. Related Party Transaction to which the Subsidiary of the Bank is a party but the Bank is not a party, shall require **prior approval** of the Audit Committee of the Bank 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* (to be construed as standalone, if the consolidation of financial statements is not applicable), as per the last audited financial statements of *the Bank*; (applicable till March 31, 2023).

III. **with effect from April 1, 2023 clause 4 (II) shall be substituted and shall be read as follows:**

Related Party Transaction to which the Subsidiary of the Bank is a party but the Bank is not a party, shall require *prior approval* of the Audit Committee of the Bank 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 standalone turnover*, as per the last audited financial statements of the *Subsidiary*.

IV. Prior approval of the Audit Committee of the Bank shall not be required for a Related Party Transaction to which the listed Subsidiary is a party but the Bank is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed Subsidiary.

V. For Related Party Transactions of unlisted Subsidiaries of a listed Subsidiary as referred to in 4(IV) above, the prior approval of the Audit Committee of the listed Subsidiary shall suffice.

VI. Audit committee of the Bank may grant omnibus approval for Related Party Transactions proposed to be entered into by the Bank subject to the following conditions, namely-

- the Audit Committee shall lay down the **criteria for granting the omnibus approval** in line with the policy on Related Party Transactions of the Bank and such approval shall be applicable in respect of transactions which are repetitive in nature;
- the Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Bank;

VII. The omnibus approval shall specify:

1. the name(s) of the related party,
2. nature of transaction,
3. period of transaction,
4. maximum amount of transactions that shall be entered into,
5. the indicative base price/current contracted price and the formula for variation in the price if any (if applicable), and
6. such other conditions as the Audit Committee may deem fit:

VIII. In the event a 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 INR 1,00,00,000/- (Indian Rupees One Crore Only) per transaction.

IX. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Bank pursuant to each of the omnibus approvals given.

X. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

5. DEALING WITH MATERIAL RELATED PARTY TRANSACTIONS

- i. All Material Related Party Transactions and subsequent material modifications as defined by the Audit Committee under para 4(I), Para 4(II) and Para 4(III) shall require prior approval, currently of the Board or such other approvals as prescribed and required under the Act through resolution and no Related Party

shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not. If, subsequently the Bank has shareholders (if the same becomes applicable at a subsequent date), then the prior approval of the shareholder shall be required through a resolution and no Related Party shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

- ii. Provided that prior approval of the Board or such other approvals as prescribed and required under the Act (at present, and of the shareholders (upon the same becomes applicable at a subsequent date)) of the Bank shall not be required for a Related Party Transaction to which the listed Subsidiary is a party but the Bank is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed Subsidiary.

6. MATERIAL MODIFICATIONS

Any modification of a Related Party Transactions having significant impact on nature, value, tenure, exposure, or likely financial impact of Related Party Transaction shall be considered as material if:

- a) Nature of the transaction ceases to be on arm's length basis.
- b) The term of transaction is changed from fixed term to ongoing basis or otherwise.
- c) changes resulting into novation of contract.
- d) The variation in the nature of transaction to an extent that the obligation on either side varies by 25% (twenty five percent) or more, over and above the approved Limit.
- e) The variation in duration of contract giving rise to prolong obligations, terms, termination, and expiry of contract.

Provided however modification on transaction on account of change of law or merely technical in nature shall not be considered as material modifications.

7. EXEMPTIONS TO THE POLICY

The provision contained in para 4, 5 and 6 above shall not be applicable in the following cases:

- a. transactions entered into between two Government Companies.

- b. transactions entered into between the Bank and its wholly owned subsidiary whose accounts are consolidated with the Bank and placed before currently the Board for approval or such other approvals as prescribed and required under the Act (or its members (shareholders) (if the same becomes applicable at a subsequent date) at the general meeting.
- c. transactions entered into between two wholly-owned subsidiaries of the Bank (holding company), whose accounts are consolidated with the Bank (holding company) and placed before currently the Board for approval or such other approvals as prescribed and required under the Act (or its members (shareholders) (if the same becomes applicable at a subsequent date) at the general meeting.
- d. such other transactions as shall be identified by the Audit Committee or currently by the Board and by the members (shareholders) (if the same becomes applicable at a subsequent date) and be approved by them (as relevant) from time to time as per the provisions of this Policy.

8. RELATED PARTY TRANSACTION NOT APPROVED UNDER THIS POLICY

- a) In the event the Bank becomes aware of a transaction with a Related Party that has not been approved in accordance with this Policy prior to its consummation, 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 Bank, including ratification, revision or termination of the Related Party Transaction.
- b) The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting of 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.
- c) In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the Board for approval or such other approvals as prescribed and required under

the Act (at present, and of the shareholders (upon the same becomes applicable at a subsequent date)) for payment of compensation for the loss suffered by the Related Party etc. 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.

9. DISCLOSURE

- i. The Bank shall submit Related Party Transaction disclosures to stock exchange along with its standalone financial results for the half year and also publish the same on its website:
- ii. Up till 31st March 2023, the Bank shall make Related Party Transaction disclosures every six months within fifteen days from the date of publication of its standalone and consolidated (if applicable) financial results:
- iii. The Bank shall make Related Party Transaction disclosures every six months on the date of publication of its standalone and consolidated (if applicable) financial results with effect from April 1, 2023.
- iv. The Policy shall be disclosed on the Bank's website.
- v. The Bank shall disclose, in the Board's report (forming a part of the annual report), transactions which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.
- vi. The Bank shall also provide details of all Related Party Transactions exceeding the materiality threshold on a quarterly basis to the stock exchanges along with the compliance report on corporate governance pursuant to the Listing Regulations.

10. EFFECT OF SUBSEQUENT ENACTMENT/OR AMENDMENT /OR CHANGE OF LISTING REGULATION IN THIS POLICY

This policy shall be deemed modified / or amended to the extent necessary to give effect to any subsequent enactment / or amendment / or change in the Listing Regulations and other applicable laws effective from the date of applicability of any such change.

11.APPLICABILITY

The Bank is a statutory corporation established under the Act of Parliament, wholly owned (100%) by the Government of India and governed by the Act. Accordingly, the provisions of shareholders approval is not applicable to it and any item under the Listing Regulations requiring shareholders approval shall be obtained from the Board or such other approvals as prescribed and required under the Act.

12. REVIEW OF POLICY

This Policy will be reviewed as and when required but at least once in three years.
