

## POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

### 1. Introduction

The Board of Directors (the "Board") of Escorts Finance Limited (the "Company") in their meeting held on February 13, 2015 has adopted this policy with regard to materiality of Related Party Transactions and dealing with related party transactions, in line with the requirements of Section 188 of the Companies Act, 2013 read with Rules made thereunder (hereinafter referred to as 'the Act') and Revised Clause 49 of the Listing Agreement on Corporate Governance and subsequent amendments thereto (hereinafter referred to as 'RC 49').

The Board may review and amend this policy from time to time.

### 2. Scope & Inclusion

This policy sets definition of materiality of related party transactions and dealing with related party transactions.

### 3. Terms and References

#### 3.1 Materiality of related party transactions

Contracts/arrangements with a related party shall be considered as material related party contracts/arrangements if the transactions during a financial year under such contracts/arrangements exceed the threshold prescribed by RC 49.

### 4. Policy

- 4.1 All related party contract/arrangements shall comply with the provisions of Companies Act, 2013.
- 4.2 All related party contract/arrangements shall comply with the Listing Agreement entered into by the Company with BSE Limited, the Ahmedabad Stock Exchange and Delhi Stock Exchange Limited.
- 4.3 All related party contract/arrangements shall comply with Accounting Standards issued by the Institute of Chartered Accountants of India.
- 4.4 All related party contracts/arrangements shall be entered on arms 'length basis.

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- 4.5 All existing related party contracts/ arrangements entered into by the Company which already came into effect before April 1, 2014, will not require fresh approval under Section 188 of the Act till the modification/ expiry of original term of such contract.
- 4.6 In exceptional circumstances, where permitted by law, related party contracts/arrangements may deviate from the principle of arm's length, after approval from Audit Committee.
- 4.7 Approval of Audit Committee shall be taken for related party contracts/arrangements as required under the Companies Act and Listing Agreement.
- 4.8 The Audit Committee of the Company may give omnibus approval for the related party contracts to be entered into by the Company at arm's length basis in normal course of business during the financial year.



A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text "FINANCE" at the top, "AUDIT COMMITTEE" on the left, and "EASING LTD." on the right. The signature appears to be "Suresh" followed by a flourish.