



BANK OF BARODA

POLICY ON RELATED PARTY TRANSACTIONS & MATERIAL SUBSIDIARIES



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1) INTRODUCTION

Bank of Baroda (the “Bank” or “BOB”) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions on consistency of such transactions with best interest of the Bank and its stakeholders. The Bank has therefore identified the need to frame a policy on the approval and execution of Related Party Transactions by the Bank and its subsidiaries, materiality of the transactions, with its related parties. The Policy is aimed to set forth the procedures under which certain transactions must be reviewed and approved or ratified by Audit Committee of Board, Board and Shareholders.

This policy is called “**Policy on Related Party Transactions & Material Subsidiaries / Policy**”.

2) OBJECTIVE

The objective of the Policy is to establish transparency in the dealings of the Bank and its subsidiaries with its related parties, prevent any conflict of interest in the implementation of related party transactions and ensure reporting, disclosure and compliance with the requirements of the Legal Framework, as defined below. The Policy is applicable to Bank’s Domestic and International Operations.

3) LEGAL FRAMEWORK

Regulation 23(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a listed entity to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear thresholds limits duly approved by the Board of Directors and such Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.

Accordingly, the Policy is formulated to meet the compliance and disclosure requirements on related party transactions under all laws and regulations, to the extent applicable to the Bank, including but not limited to the following legislations:

- i. SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“Listing Regulations”), as amended from time to time. The provisions of this regulation shall be applicable to all prospective transactions.
- ii. Companies Act, 2013 & Rules, Regulations made and Circulars, Guidelines issued thereunder;
- iii. The Companies (Meeting of Board and its Powers) Rules, 2014, as amended from time to time;
- iv. The Companies (Specification of definitions Details) Rules, 2014, as amended from time to time;
- v. Accounting Standards (AS- 18) including any amendment or modification thereof.
- vi. Listing Agreement for Equity executed by Bank with BSE Ltd. and National Stock Exchange Limited (“Listing Agreement”).
- vii. Applicable Regulations, Circulars, Notifications, Guidelines etc. of RBI and SEBI.

4) APPLICABILITY

Subject to the exemptions contained herein, this Policy is applicable to all Related Party Transactions entered into by the Bank and subsidiaries with (i) Board of Directors and their relatives, (ii) Key Managerial Personnel of the Bank and their Relatives and (iii) Related Parties, as detailed hereinafter.



5) DEFINITIONS

- i. **Annual Consolidated Turnover:** means total income (i.e. interest earned plus other income) as per the last audited consolidated financial statements of the Bank.
- ii. **Arm's Length:** means a transaction as referred to in Section 188 of Companies Act, 2013, i.e., transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- iii. **Associate:** As per AS-18, an Associate means an enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint venture of that party.

As per section 2 (6) of the Companies Act, 2013, "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. [Explanation.—For the purpose of this clause,— (a) the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement; (b) the expression "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;]

- iv. **Audit Committee or Committee** means Audit Committee of Board of Directors of the Bank constituted in pursuance of the directives of Reserve Bank of India.
- v. **Board** means Board of Directors of the Bank in terms of Section 9 (3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 as amended from time to time.
- vi. **Resident in India** A Company, in terms of clause 3 of section 6 of Income Tax Act, 1961, is said to be resident in India in any previous year, if-
 - a. It is an Indian company; or
 - b. Its place of effective management, in that year, is in India.

The place of effective management means a place where key management and commercial decisions that are necessary for conducting the business of an entity are, in substance made.

For detailed definition, the Income Tax Act, 1961 may be referred to.

- vii. **Comparable Uncontrolled Price Method**
Comparable uncontrolled price method means method by which:
 - a. The price charged or paid for property transferred or services provided in a comparable uncontrolled transaction or a number of such transactions is identified.
 - b. Such price is adjusted to account for differences, if any, between the said related party transaction and the comparable uncontrolled transactions or between the enterprises entering into such transaction which could materially affect the price in the open market.
 - c. The adjusted price arrived at under sub clause (b) is taken to be an arm's length price in respect of the property transferred or services provided in said transaction.
- viii. **Exposure** includes credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). Exposure on account of equity and other regulatory capital instrument shall be excluded while computing exposure to group.



ix. **Key Managerial Person denotes:**

- the Chief Executive Officer and/or the Managing Director
- the Executive Director/s or Whole-time Director/s;
- the Chief Financial Officer; and
- the Secretary to the Board
- the Company Secretary,
- such other officer as may be prescribed or identified by the Bank

As per AS-18 Para 10.8, Key management personnel means those persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting enterprise.

x. **Listing Regulation: means SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, including any amendment or modification thereof.**

xi. **Material Modification:** Material modification means

- In the case of related party transactions where Omnibus Approval of the Audit Committee of the Board has been obtained considering the repetitive nature of these transactions, any modification which has the effect of variation in the originally approved value of the transaction by 20% or more, or in the pricing criteria, or such other parameter as may be determined by the Audit Committee of the Board from time to time. The variation limit of 20% or more in value will not apply in the case of deposits placed by a related party with the Bank.
- In the case of other related party transactions, any modification which has the effect of variation in the originally approved value of the transaction by 5% or more, or in the pricing, or such other parameter as may be determined by the Audit Committee of the Board from time to time.

xii. **Material Related Party Transaction:** means a transaction entered by the Bank with a related party, if the transaction taken 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 Bank as per the last Audited Financial Statements of the Bank for the immediately preceding financial year, whichever is lower. (Annual Consolidated Turnover of the Bank was Rs.87,780.19 crore as per last audited financial statement for the year FY2021-22, 10% of which is Rs. 8,778.02 crores. Hence, threshold limit for material related party transaction is Rs. 1,000 crores subject to change based on Audited Financial statement in later years).

Notwithstanding the above, (w.e.f 01.07.2019) a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the Bank as per the last audited financial statements of the listed entity/Bank.

xiii. **Material Subsidiary**

A Subsidiary of the Bank will be treated as a Material Subsidiary, if either its income or net worth (i.e. paid up capital and free reserves) exceeds 10% of the consolidated income or net worth respectively, of the Bank and its Subsidiaries in the immediately preceding accounting year.

xiv. **Office or place of profit** means any office or place—

- where such office or place is held by a director, if the director receives from the Bank anything by way of remuneration over and above the remuneration to which he is



- entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- b. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it, receives from the Bank anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

xv. **Related Party**

A "Related Party" is a person or entity that is related to the Bank. In terms of regulation 2(1)(zb) of the SEBI LODR Regulations, an entity shall be considered as related party if,

- a. Such entity is a related party under section 2(76) of the Companies Act 2013 and the Companies (Specification of definitions details) Rules, 2014 as amended from time to time; or
- b. Such entity is a related party under the applicable accounting standards.

Provided that

- a. any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b. any person or any entity, holding equity shares:
- (i) of twenty per cent or more; or
- (ii) of ten per cent or more, with effect from April 1, 2023;

in the Bank either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

Provided further that this definition shall not be applicable for the units issued by Mutual Fund, which are listed in a recognised stock exchange.

As per AS 18:

3. This Standard deals only with related party relationships described in (a) to (e) below:

- (a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- (b) associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
- (c) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (d) key management personnel and relatives of such personnel; and
- (e) enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

4. In the context of this Standard, the following are deemed **not to be related parties**:

- (a) two companies simply because they have a director in common, notwithstanding paragraph 3(d) or (e) above (unless the director is able to affect the policies of both companies in their mutual dealings);
- (b) a single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and
- (c) the parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process):



- (i) providers of finance;
- (ii) trade unions;
- (iii) public utilities;
- (iv) government departments and government agencies including government sponsored bodies.

xvi. **Related Party Transactions**

In terms of regulation 2 (1) (zc) of the SEBI LODR Regulation, related party transaction means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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 listed entity 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:

- (a) 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;
- (b) the following corporate actions by the listed entity 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.
- (c) 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 Board.

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

The following transactions will be covered under this Policy:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchase or sale of goods, materials, services or property etc.
6. Such related party's appointment to any office or place of profit in the Bank, its subsidiary company or associate company;
7. Underwriting the subscription of any securities or derivatives thereof, of the Bank.
8. Transfers of research and development;
9. Transfers under licence agreements;
10. Transfers under finance agreements (including loans & equity contributions in cash or in kind);
11. Provision of guarantees or collateral;
12. Management contracts including for deputation of employees.
13. Leasing or hire purchase arrangements;
14. Transactions as give under clause 2 (zc) of Listing Regulation;



15. Transactions as included in RBI Master Circular on Disclosure in Financial Statement – Notes to Account, 2015, Clause 4.5

- i) Borrowings
- ii) Deposit
- iii) Placement of Deposits
- iv) Advances
- v) Investments
- vi) Non-funded commitments
- vii) Leasing/HP arrangements availed or provided
- viii) Purchase or Sale of fixed assets
- ix) Interest Paid or received
- x) Rendering or Receiving of Services
- xi) Management contracts

16. As per section 188 of the Companies Act, 2013,

Related party transactions are as follows.

(1) Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed, no company shall enter into any contract or arrangement with a related party with respect to—

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company:

Provided that no contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions exceeding such sums, as may be prescribed, shall be entered into except with the prior approval of the company by a resolution:

Provided further that no member of the company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party:

Provided also that nothing contained in the second proviso shall apply to a company in which ninety per cent or more members, in number, are relatives of promoters or are related parties:

Provided also that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis:

Provided also that the requirement of passing the resolution under first proviso shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

The expression "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.



Transaction means transaction on accrual basis.

xvii. **Relative** means relative as defined under sub-section (77) of section 2 of the Companies Act and rules prescribed thereunder.

- a. Members of HUF,
- b. Spouse,
- c. Father (includes the step-father),
- d. Mother (includes the step-mother),
- e. Son (includes the step-son),
- f. Son's wife,
- g. Daughter,
- h. Daughter's husband,
- i. Brother (includes the step-brother),
- j. Sister (includes the step-sister).

xviii. **Significant transaction** or arrangement shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities as the case may be, of the unlisted subsidiary for immediately preceding accounting year.

xix. **Special Resolution-** A resolution shall be a special resolution when:

- a. the intention to propose the resolution as a special resolution has been duly specified in the notice calling the general meeting or other intimation given to the members of the resolution;
- b. the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being entitled to do so, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting.

xx. **Subsidiary** means a company

- a. in which Bank 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; or
- b. in which the Bank controls either by itself and/or through one or more subsidiaries, the composition of its Board of Directors.

xxi. **Turnover**

Turnover" means gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year;

6) IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

6.1 Each Director and Key Managerial Personnel is responsible for providing notice to the Audit Committee of the Board, of any potential Related Party Transaction (other than Pre-Approved Transactions as contained in Para 8 below) involving him or her or his or her Relative, including any additional information about the transaction that the Audit Committee may reasonably request. The Audit Committee will determine whether the

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transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

- 6.2 The notice of any such potential Related Party Transaction should be given to the Audit Committee of the Board well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Details required for ascertaining related party

- i. Declaration / Disclosure of interest by all the Directors and Key Managerial Persons (KMP) in the prescribed form as per annexure-IA.
- ii. Declaration of relatives by all Directors and KMPs.
- iii. Declaration about a firm in which a Director or KMP or manager or his relative is a partner.
- iv. Declaration about a private company in which a Director or KMP or his relative is a member or director.
- v. Declaration regarding a public company in which a Director or KMP is a Director and holds along with the relatives more than 2% of the paid up share capital.
- vi. Notices from Directors of any change in particulars of Directorship or in the positions during the year.
- vii. Declaration by Holding Company regarding Directors / KMPs and their relatives.
- viii. Details of any body corporate whose Board of Directors, Managing Director or KMP is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company.
- ix. Details of any person on whose advice, directions or instructions a director or KMP is accustomed to act. Provided that nothing in point No viii & ix shall apply to the advice, directions or instruction given in a professional capacity.
- x. Details of any company which is
 - (1) a holding, subsidiary or an associate company of such company or
 - (2) a subsidiary of a holding company to which it is a subsidiary.
 - (3) an investing company or the venturer of the company.*
- xi. any person or entity forming a part of the promoter or promoter group of the listed entity; with effect from 1 April 2022.
- xii. any person or any entity, holding equity shares in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year:
 - (i) of 20% or more; or
 - (ii) of 10% or more, with effect from 1 April 2023
- xiii. List of Related Parties of Bank of Baroda (to be filled by the bank and each of its subsidiaries including Declaration from Director or KMP - about self and relatives is to be maintained in the prescribed form as per annexure –IB.

* 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.

7) PROCEDURE FOR SEEKING APPROVAL OF RELATED PARTY TRANSACTIONS.

- 7.1 All proposed Related Party Transactions other than Exempted and Pre-approved transactions under this Policy must be submitted to the Audit Committee of the Board for prior approval in accordance with the Policy.

Provided that under exceptional circumstances, where a prior approval is not taken by the Bank from the Audit Committee of the Board, due to an inadvertent omission or due to



unforeseen circumstances, the Committee may subsequently ratify the transactions in accordance with this Policy.

- 7.2 Approvals shall be granted by the Audit Committee of the Board only on satisfaction that the approval is in the best interest of the Bank and in assessing the Related Party Transaction, the Committee shall take into account factors elaborated in clause 9.1 of this Policy.
- 7.3 Subject to the provisions of this Policy, in case of frequent / regular / repetitive transactions which are in the Ordinary Course of Business of the Bank, the Audit Committee of the Board may grant standing pre-approval / omnibus approval more particularly detailed under clause 8 & 9 of this Policy.
- 7.4 As and when any transaction is contemplated with any Related Party requiring approval of the ACB or Shareholders, the concerned department shall submit to the related Functional Head at the Corporate Office/ Head Office, the details of proposed transaction with draft contract/ draft agreement or other supporting documents justifying that the transaction is on Arms' Length basis in an Ordinary Course of Business at prevailing market rate.
- 7.5 Based on the details submitted above, the Functional Head (in case of overseas operations functional head dealing with International Operations) shall appropriately take it up for necessary prior approval from the Audit Committee of the Board at its next meeting and convey decision to the concerned department.
- 7.6 The concerned Functional Head (under whose jurisdiction, any related party transactions may take place) shall also maintain records indicating particulars of all contracts or arrangements entered into with Related Parties whether exempt under this Policy or not. As per the format given in Annexure III, information should be submitted to Domestic Subsidiaries, Joint Ventures & Associates Department/ International Department/ RRBs & RSETIS Department/ Secretary to the Board on quarterly basis within -7- days from the end of every quarter. The consolidated information for the Bank as whole will be submitted to ACB every quarter by Domestic Subsidiaries, Joint Ventures & Associates Department/ International Department/ / RRBs & RSETIS Department/ Secretary to the Board for information.
- 7.7 Central Inspection & Audit Division shall verify, through Internal Auditors at the time of Inspection, the process of ascertaining the Related Parties and their correct recording / listing in Register of Contracts / Arrangements etc. as well as their classification regarding whether they are on Arm's Length basis.
- 7.8 **RBI requirements:** In compliance to the RBI Circular dated February 11, 2014 no. BP.BC.96/21.06.102/2013-14 on Management of Intra-Group Transactions and Exposures, International Operations department will provide the data in time to Domestic Subsidiaries, Joint Ventures & Associates Department who in turn will consolidate the data of domestic and overseas operations and will submit the consolidated data to the regulator. Further, Domestic Subsidiary, JVs and Associates Department shall submit a report to the Audit Committee of the Board every quarter on material transaction where the threshold for 'material' transaction would be Rs.10 crore for fund-based transactions and Rs.25 crore for non-fund based transaction.



Exposures to Related party shall be regulated as under:

- i. Single Group Entity Exposure:
 - o 5% of Paid up Capital and Reserves of the Bank, in case of Non-financial companies and unregulated financial services companies.
 - o 10% of Paid up Capital and Reserves of the bank, in case of regulated financial services companies.
- ii. Aggregate Group Exposure:
 - o 10% of Paid up capital and Reserves of the bank, in case of all Non-financial companies and unregulated financial services companies taken together.
 - o 20% of Paid up capital and Reserves of the bank, in case of the group i.e. all group entities (financial and non-financial) taken together.

7.9) APPROVAL OF RELATED PARTY TRANSACTION

I. AUDIT COMMITTEE OF THE BOARD

All Related Party Transactions other than Exempted and Pre-approved transactions under this policy shall be subject to the prior approval of the Audit Committee of the Board whether at a meeting or by resolution by circulation (to be approved at the next meeting of the Committee) or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

In assessing a Related Party Transaction, the Audit Committee of the Board shall consider such factors as it deems appropriate including without limitation:

- (i) the business reasons for the Bank or its subsidiaries to enter into the Related party transaction;
- (ii) the commercial reasonableness of the terms of Related Party Transaction;
- (iii) materiality of the Related Party Transaction to the Bank and its subsidiaries;
- (iv) whether the terms of Related Party Transaction are fair to the Bank and/or its subsidiaries and on the same basis as would apply if the transactions did not involve a Related Party;
- (v) the extent of Related Party's interest in the Related Party Transaction;
- (vi) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- (vii) if allocable, the impact of the Related party transactions on a non-employee directors independence;
- (viii) the actual or apparent conflict of interest of related party participating in the related party transaction and Regulatory guidelines, if any;
- (ix) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- (x) any other information relevant or important for the Audit Committee of the Board to take a decision on the proposed transaction.

Apart from above, the Audit Committee of the Board shall also consider following factors relating to "place of effective management" as per amendment in Clause 3 of section 6 of Income Tax Act, 1961 introduced in Budget 2016:

- (a) Location of Top Level Management and/or Key Management Personnel in Overseas Subsidiary.
- (b) The nature of composition of board of directors in overseas subsidiary.



- (c) Place where Board meeting generally takes place and whether the top level executives from India holding positions in overseas territories attend them and also the manner of their being present in meeting (Over telephone, Video Conferencing etc.).
- (d) Location of Operational management/operational effectiveness of operations.
- (e) Quantum of Passive Income of any of the subsidiary to its Total Income (Passive Income means income from transactions with associated enterprise & income by way of Royalty, Dividend, Capital gains & Rent).
- (f) Booking of payroll expenses of employees deployed from India in overseas subsidiaries.
- (g) Delegation of authority with respect to making of Key management and/or Commercial decisions.
- (h) Receipt or provisioning of any fees received from overseas subsidiary.

While considering the Arm's Length nature of the transaction, the Audit Committee of the Board shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

All Related Party Transactions (RPTs) and subsequent material modifications shall require prior approval of the Audit Committee of the Board (ACB) of the Bank provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. Provided further that:

- a. the Audit Committee of the Board of the Bank shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- b. 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 Board 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, as per the last audited financial statements of the Bank [i.e. Rs. 8,778.02 crores (viz. 10% of annual consolidated turnover of FY 2021-22)];
- c. with effect from April 1, 2023, a 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 Board 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;
- d. 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 15 of SEBI (Listing Obligations and Disclosure Requirements) of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the Audit Committee of the Board of the listed subsidiary shall suffice.



II. BOARD OF DIRECTORS

- a. Related Party Transactions referred by the Audit Committee of the Board to the Board or Related Party Transactions as required by a Statute or Related Party Transactions elected to be reviewed by the Board shall be approved by the Board of Directors.
- b. A Related Party Transaction which is (i) not in the Ordinary Course of Business or (ii) not at Arm's Length basis, would require approval of the Board of Directors.

While considering the Transaction, 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 rescue himself and abstain from discussion and voting on the approval of the related party transaction.

III. SHAREHOLDERS

- a. All material related party transactions and subsequent material modifications as defined by the Audit Committee of the Board shall require prior shareholder's approval 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.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

Provided further that the requirements specified in above para shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- b. 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 a resolution. In such a case, any member who is a related party having interest in the transaction for which resolution is being proposed, shall not vote on such resolution passed for approving related party transaction.
- c. The shareholders' approval of omnibus RPTs approved in an AGM shall be valid up to the date of the next AGM for a period not exceeding fifteen months.

In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year.

For the revised approval matrix, Annexure IV may be referred.



8) PRE-APPROVED TRANSACTIONS

The following types of transactions are pre-approved (the "Pre-Approved Transactions") and not subject to further review and approval or ratification under this Policy.

- i. Compensation paid to Directors or Key Managerial Person, which has been or will be disclosed in the Bank's Annual Report.
- ii. The reimbursement of business expenses to Directors or Key Managerial person in accordance with Bank's Policy.
- iii. Transactions, arrangements or relationships that are generally available on the same terms to all employees.
- iv. Transactions otherwise exempt under applicable statutes/regulators' guidelines.
- v. Transactions, arrangements or relationships (including any series of similar transactions, arrangements or relationships), in the ordinary course of business, which have been approved by appropriate Executive or Authority of the Bank.
- vi. Any transaction with another entity at which a individual Related Party is as (i) an employee or (ii) beneficial owner of less than 10% of that Company's paid-up capital or (iii) is partner of a partnership firm owning less than 10% of capital or profit sharing; and if the aggregate amount involved does not exceed Rs. 1 crore.
- vii. Transactions in the ordinary course of business:
 - a) Any financial services, including banking, brokerage, depository, insurance or any other financial services provided by the Bank to individual Related Party or their primary business affiliations, provided that the services are on substantially the same terms as those prevailing at the time for comparable services provided to third party / Customers.
 - b) Personal Loans made or maintained by the Bank to individual Related Party or their primary business affiliations, only if the loan (i) is made in the ordinary course of business of the Bank or one of its subsidiaries, is of a type that is made available to the public and is on market terms or terms that are no more favourable than those offered to the general public.
- viii. Transactions in the ordinary course of business with related parties (other than individuals), which are transacted under arm's length basis. The details are as under :

International Transactions:

S.N.	Detail of Transaction	Method Selected
1.	Forex transactions between BOB and International related parties, located in various countries.	Comparable Uncontrolled Price Method (CUP)
2.	Placement and lending of funds by BOB & its international related parties.	Comparable Uncontrolled Price Method (CUP)
3.	Reimbursement of expenses in the name of Management Fee.	NA : Mere Reimbursement of Expenses
4.	Overseas Subsidiary shall reimburse all the expenses to Parent Bank on case to case basis including but not limited to following:	NA : Mere Reimbursement of Expenses



	<p>a. Directly attributable IT expenses (for IT infrastructure and support) incurred on behalf of the overseas subsidiary,</p> <p>b. Apportioning of direct cost of staff specifically looking after the operations of the overseas subsidiary,</p> <p>c. Reimbursement of any other direct charges, which Bank of Baroda is incurring on behalf of overseas subsidiary while performing its services under agreement.</p>	
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Domestic Transactions:

S.N.	Detail of Transaction	Method Selected
1.	Placements of surplus Fund as Fixed Deposits with BOB by BOB's Subsidiaries, Joint Ventures, Associates and Regional Rural Banks.	Comparable Uncontrolled Price Method ('CUP').
2.	Issuance of Inter Bank Participatory Certificate (IBPC) between BOB and BOB sponsored RRBs & The Nainital Bank Ltd.	Comparable Uncontrolled Price Method ('CUP').
3.	Payment of Brokerage by BOB to BOB Capital Markets for using Capital Market portal.	Comparable Uncontrolled Price Method ('CUP').
4.	Receipt of Commission, Brokerage, Fees etc. from BOB's Subsidiaries, Joint Ventures, Associates & Regional Rural Banks.	Comparable Uncontrolled Price Method ('CUP').
5.	<p>Domestic Subsidiaries shall reimburse all the expenses to Parent Bank on case to case basis including but not limited to following:</p> <p>a. Directly attributable IT expenses (for IT infrastructure and support) incurred on behalf of the Domestic subsidiaries.</p> <p>b. Apportioning of direct cost of staff specifically looking after the operations of the subsidiaries.</p> <p>c. Reimbursement of any other direct charges, which Bank of Baroda is incurring on behalf of Domestic subsidiaries while performing its services.</p>	NA: Mere Reimbursement of Expenses.
6.	<u>Payment of salary & other expenses paid by the Subsidiaries to the employees deputed to the Bank (parent) and getting it reimbursed from the Bank.</u>	<u>N.A.: Mere reimbursement of expenses.</u>

9) Omnibus Transactions

9.1 As provided in clause 7.3 of this policy, the Audit Committee of the Board may grant omnibus approval to the Related Party transactions subject to the following conditions:

- i. The Audit Committee of the Board shall lay down the criteria for granting the omnibus approval in respect of transactions which are repetitive in nature.
- ii. The Audit Committee of the Board shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Bank.

9.2 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;

Subsidiaries, JVs & Associates Department, 5th floor, Baroda Sun Tower, Mumbai



- 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 of the Board may deem fit.
- 9.3 Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee of the Board may grant omnibus approval for such transaction subject to a limit of Rs. 1.00 crore per transaction.
- 9.4 The Audit Committee of the Board shall review, on a quarterly basis, the details of Related Party Transactions entered by the Bank pursuant to such omnibus approval and such approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year. The omnibus approval is as per Annexure V hereto.

10) Exempted Related Parties

Notwithstanding anything to the contrary, contained in this Policy, the following transactions shall be exempted from the requirement of approval:

- a. Transactions entered into between two Government Companies;
- b. Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;
- c. Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation (a): For the purpose of Clause a, "Government company (ies)" means Government company as defined in sub section (45) of Section 2 of the Companies Act, 2013."

All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

Accordingly, the transactions entered into by the Bank with the following related parties are exempt from seeking prior approval of the Audit Committee of the Board:

1. BOB Capital Markets Ltd.,
2. BOB Financial Solutions Ltd.,
3. Baroda Global Shared Services Ltd.,
4. Baroda Sun Technologies Ltd.,
5. Baroda BNP Paribas Asset Management India Private Limited,
6. Baroda BNP Paribas Trustee India Private Ltd.,
7. The Nainital Bank Ltd.,
8. IndiaFirst Life Insurance Company Limited,
9. Baroda Capital Markets (Uganda) Limited (Subsidiary of Bank of Baroda Uganda Ltd.),
10. Baroda UP Bank,
11. Baroda Rajasthan Kshetriya Gramin Bank,
12. Baroda Gujarat Gramin Bank,
13. Bank of Baroda (Botswana) Ltd.,
14. Bank of Baroda (Guyana) Ltd.,



15. Bank of Baroda (Tanzania) Ltd.,
16. Bank of Baroda (New Zealand) Ltd.,
17. Bank of Baroda (UK) Ltd.,
18. Bank of Baroda (Kenya) Ltd.,
19. Bank of Baroda (Uganda) Ltd.

11) RELATED PARTY TRANSACTIONS WITHOUT THE PRIOR APPROVAL UNDER THIS POLICY

- 11.1 In the event the Bank becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee of the Board. The 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. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.
- 11.2 In any case, where the Audit Committee of the Board determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as deemed appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction or such other measures as it may deem appropriate.
- 11.3 In connection with any review/approval of a Related Party Transaction, the Audit Committee of the Board has authority to modify or waive any procedural requirements of this Policy.

12) TRANSACTIONS REQUIRING SPECIAL RESOLUTION

- i. The Bank shall not dispose of shares in the Bank's material subsidiary which would reduce Bank's shareholding (either on its own or together with other subsidiaries) to less than or equal to 50% or cease the exercise of control over the subsidiary without passing a special resolution in a General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- ii. Any selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved."

13) DISCLOSURES

- 13.1 The Bank shall keep a register in the prescribed form (Form MBP – 4 – Annexure-II) giving the details of full particulars of contracts or arrangements in respect of all RPTs approved by the Audit Committee of the Board and the gist of such contracts / RPTs shall be placed periodically to the Board.



- 13.2 Related Party Transactions which are 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 justification for entering into the contract/transaction.
- 13.3 The Policy on dealing with Related Party Transaction will be disclosed on the Bank' website and Annual Report. A web link will be provided in the Annual Report.
- 13.4 Details of all Material Related Party Transaction will be disclosed quarterly along with the Compliance Report on Corporate Governance to be filed with the Stock Exchanges (on which equity shares of Bank are listed) under Listing Regulations.

The Bank shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website.

Provided further that the Bank shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

Provided further that the Bank shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

The said disclosure shall be made in the SEBI prescribed form as per Annexure – VI.

As per RBI Master Direction on Financial Statements – Presentation and Disclosures dated August 30, 2021 (updated as on November 15, 2021) AS -18 is applicable to all nationalised banks. The accounting standard exempts state-controlled enterprises i.e., nationalised banks from making any disclosures pertaining to their transactions with other related parties which are also state controlled enterprises. Thus, nationalised banks need not disclose their transactions with the subsidiaries as well as the RRBs sponsored by them. However, they will be required to disclose their transactions with other related parties.

(Action – Company Secretary).

- 13.5 Disclosure of all materially significant Related Party Transactions that may have a potential conflict with the interests of the Bank and its subsidiaries shall be made in the Annual Report.
- 13.6 Necessary disclosures are to be made in the Annual Financial Statements as required under the Accounting Standards and RBI Guidelines.
- 13.7 Disclosure of Related Party Transactions shall be made as prescribed by the Legal Framework under which this Policy is framed and as prescribed by any other Regulatory/ Statutory Authority from time to time.

(Action – Company Secretary).

14) PERIODICITY OF REVIEW OF THE POLICY

- 14.1 Subject to clause 14.2, the Policy will be valid for three years i.e. up to 30.09.2025.

Any directives /guidelines/circulars issued by or under RBI/SEBI/Companies Act (to the extent applicable) or any other applicable law in this respect, subsequent to the review of



this Policy will automatically be read to form part of this Policy and the Policy shall be reviewed by the Board to incorporate the modifications in the Policy.

15) **SCOPE / LIMITATION**

In the event of any conflict between the provisions of this Policy and the Legal Framework or any other statutory enactments governing Related Party Transactions, the provisions contained in the Legal Framework and/or any other statutory enactments, rules and regulations prescribed thereunder, shall prevail over this Policy until such time as this Policy is amended to confirm to the Legal Framework and/or other statutory enactments.

- 16) The list of related Rules, Regulations, Acts, and Circulars etc. relied upon and forms referred to are as per Appendix provided hereinafter.



Format of declaration to be given by the Director / KMP / Related Party

I, _____ son / daughter / spouse of _____, resident of _____ being a Director / Key Managerial Personnel (KMP), relative of Director or Key Managerial Personnel / related party in the company hereby give notice of my interest of concern in the following company or companies, bodies corporate, firms or other association of individuals / transactions :-

1	Name of the Company / Body Corporate / firm Association of Individuals	
2	The name of the related party and nature of relationship	
3	The nature, duration of the contract and particulars of the contract or arrangement	
4	Nature of Transaction	
5	Material terms of the contract or arrangement including the value, if any	
6	Any advance paid or received for the contract or arrangement, if any	
7	Manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	
8	Whether all factors relevant to the contract have been considered, if not the details of factors not considered with the rationale for not considering those factors	
9	Whether arm's length transaction	
10	Whether as per approved scheme of the Bank	
11	Any other information relevant or important for the Board to take a decision on the proposed transaction.	

I further undertake to inform to the Bank immediately, in case of any change in the above to Head / In-charge - Domestic Subsidiaries, JVs & Associates Department of the Bank.

Signature _____

Date: _____

Designation: _____

Documents attached:



List of Related Parties of Bank of Baroda (As on DD-MM-YYYY)*

*to be filled by the bank and each of its subsidiaries

Declaration from Director or KMP - about self and relatives

Directors, KMP or his Relative as per Section 2(76)(in) and Section 2(76)(ii) of the Companies Act, 2013 and AS 18

Particulars	Name	Pan No.	Aadhar No./ Local Identity number	DIN
1. Director				
Nature of Directorship				
2. Key Managerial Person (KMP)				
Designation (See: list below/ dropdown options)				
Members of HUF (if any)				
Wife/ Husband				
Father (including step-father)				
Mother (including step-mother)				
Son (including step-son)				
Daughter (including step- daughter)				
Son's Wife				
Daughter's Husband				
Brother (including step-brother)				
Sister (including step-sister)				

Please provide PAN No., Aadhar No. and DIN for everyone listed in the table above.



List of KMP

Chief Executive Officer
Managing Director
Manager (Board Secretary)
Company Secretary
Whole-time Director
Chief Financial Officer

Definitions:

Chief Executive Officer means an officer of a company, who has been designated as such by it.

Managing director means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called. Explanation.—For the purposes of this clause, the power to do administrative acts of a routine nature when so authorised by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management.

Manager means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company, and includes a director or any other person occupying the position of a manager, by whatever name called, whether under a contract of service or not. (Board Secretary)

Company secretary or secretary means a company secretary as defined in clause (c) of subsection (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by a company to perform the functions of a company secretary under this Act.

Whole-time director includes a director in the whole-time employment of the company.

Chief Financial Officer means a person appointed as the Chief Financial Officer of a company.

Key Managerial Personnel in relation to a company, means—

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

Sign:

Name:

Date:



▪ Declaration from Director or KMP - Other information

Details of partnership firm/ company/ body corporate in which director, KMP or their relatives are a partner, member or director as per Section 2(76)(iii), (iv) and (v) of the Companies Act, 2013 and AS 18

Date of becoming related party	Name of Director / KMP	Name of Relative (if applicable)	Name of Partnership firm/ Company / Body corporate	Nature of Interest (Partner, Director or Member)	Percentage of shareholding / interest	PAN No. of Partnership firm/ Company / Body corporate	CIN

Definition:

Member in relation to a company, means—

- (i) the subscriber to the memorandum of the company who shall be deemed to have agreed to become member of the company, and on its registration, shall be entered as member in its register of members;
- (ii) every other person who agrees in writing to become a member of the company and whose name is entered in the register of members of the company;
- (iii) every person holding shares of the company and whose name is entered as a beneficial owner in the records of a depository.

Sign:

Name:

Date:



Declaration - other details from Director

Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instruction of the Director or manager as per Section 2(76)(vi) of the Companies Act, 2013

Date on which became Related Party	Name of Director / Manager	Name of the Body Corporate	PAN No. of body corporate	CIN

Any person on whose advice, directions or instructions a director or manager is accustomed to act as per Section 2(76)(vii) of the Companies Act, 2013*

Date on which became Related Party	Name of Director / Manager	Name of Person	PAN No. of the person

*Does not include person who gives advice in professional capacity.

Any person or entity forming a part of promoter group of the Bank as per section 2(zb) of SEBI LODR

Date on which became promoter	Name of Person/ Entity	Name of Promoter group	PAN No.	Aadhar No./ Local Identity number	DIN/ CIN

Sign: _____

Name: _____

Date: _____



List of Related Parties (other than in relation to Directors and KMP)

Any Body Corporate which is the Holding, Subsidiary and Associate Company of the Company or an Investing Company or the Venturer of the Company as per Section 2(76)(viii) of the Companies Act, 2013 and AS 18

Date of becoming Related Party	Name of Body Corporate	Nature of Relationship (See list below/ dropdown)	PAN No.	CIN

Nature of relationship

- Holding
- Company
- Subsidiary Company
- Associate Company
- Fellow Subsidiary
- Joint Venture of the Company
- Investing Company
- Venturer of the company



Form MBP – 4

Register of contracts with Related Party and Contracts and Bodies etc. In which Directors are interested.

{Pursuant to section 189(1) and rule 16(1)}

- A. Contracts or Agreements with any Related Party under Section 188 or in which any Director is concerned or interested under sub- section (2) of section 184

Date of Contract / Arrangement	Name of the party with which contract is entered into	Name of the interested Director	Relation with Director / Company / Nature of concern or interest	Principal terms and conditions	Whether the transaction is at arm's length basis

Date of approval at the Meeting of Board	Details of voting on such resolution				Date of next meeting at which register was placed for signature
	No of Directors present in the meeting	Directors voting in favour	Directors voting against	Directors remaining neutral	

Reference of specific items –(a) to (g) under sub – section (1) of Section 188	Amount of contract or arrangement	Date of shareholders approval if any	Signature	Remarks, if any



B. Name of the bodies corporate, firms or other association of individuals as mentioned under sub section (1) of Section 184 in which any director is having any concern or interest.

Name of Companies / Bodies Corporate / firm / association of individual	Name of interest Director	Nature of interest or concern / Change interest or concern	Shareholding (%) (if any)	Date on which interest of concern arose / changed

Signature
MD / Whole-time Director / Director / Secretary

Place:
Date:



FORMAT OF INFORMATION TO BE SUBMITTED BY FUNCTIONAL HEADS (pursuant to Clause 7 of this Policy)

Name of the Department:

Information for the period / quarter ended:

(Amount Rs. in Lacs)

Sr. No	Particulars	Details
1	Name of Party	
2	Justification as to why the RPT is in the interest of the listed entity/Bank.	
3	Relationship with Bank	
4	Nature of its interest (financial or otherwise)	
5	Date of Transaction	
6	Details of Transaction a. Type/ Nature of the proposed transaction b. Value of the proposed transaction (For omnibus: the indicative base price / current contracted price and the formula for variation in the price if any) [For Board: the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract]. c. Material terms and particulars of the proposed transaction d. Tenure of the proposed transaction e. Maximum amount of transactions that may be entered into f. Any advance paid or received for the contract or arrangement, if any g. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors	
7	A copy of Valuation report or any other external party report, if any such report has been relied upon.	
8	a. Percentage of the BOB's annual consolidated turnover for the immediately preceding financial year that is represented by the value of the proposed transaction (and for RPT involving a subsidiary, such percentage is calculated based on the subsidiary's annual standalone turnover) b. Percentage of the counterparty's annual consolidated turnover that is represented by the value of the proposed transaction on a voluntary basis.	
9	If the transaction involves loans, inter-corporate deposits, advances or investments made or given by the Bank or subsidiary, the following information is to be disclosed – A. Details of sources of funds in connection with the proposed transaction (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFC)	



	<p>B. Where any financial indebtedness is incurred to make or give loans, ICDs, advances or investments, the following details should be disclosed:</p> <p>a. Nature of indebtedness</p> <p>b. Cost of Funds and (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFC)</p> <p>c. Tenure</p> <p>C. Applicable terms, including:</p> <p>a. Covenants</p> <p>b. Tenure</p> <p>c. Interest Rate</p> <p>d. Repayment Schedule</p> <p>e. Whether secured or unsecured. If secured, nature of security</p> <p>D. The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.</p>	
10	Any other information that may be of relevance	
11	Arm's Length Yes or no	
12	ACB Approval required Yes or no (*)	
13	Date of ACB Approval	

Note:

1. Arm's length – As per definition given in the policy.
2. (*) If the transaction is not under arm's length basis then the arm's length price in that transaction to be reported in Column 7.
3. All transactions with Related Party (As per definition given in the Policy) will be reported in the above format - whether or not exempt from approval of ACB under the Policy.
4. The information is required to be submitted on quarterly basis by the concerned functional heads and submitted to Head / In-charge - Domestic Subsidiaries, JVs & Associates Department of the Bank.



SEBI Related Party Amendments – Revised approval matrix

Contracting party	Approval matrix at the listed entity level	Audit committee (AC) ¹	Shareholders ¹
Bank of Baroda	All non-material related party transactions	Prior approval ³	
	1. Transactions which are repetitive in nature (Omnibus Approvals) 2. Transactions other than those which require omnibus approval	Prior approval	
Bank of Baroda	All material related party transactions	Prior approval	Prior approval
Bank of Baroda	All subsequent material modifications (as defined by the AC of Bank of Baroda)	Prior approval	Prior approval
Subsidiary entity ²	RPT entered where value of transactions individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the listed entity (some exemptions are available)	Prior approval	Prior approval (if material)

Material RPTs: A transaction with a related party (individually or taken together with previous transactions during a financial year) is considered material if it exceeds Rs. 1,000 crores or 10% of the annual consolidated turnover of the listed entity, as per the last audited financial statements of the listed entity, whichever is lower

Notes

1. Audit committee and shareholders of BOB
2. Even if BOB is not party to the RPT
3. No change in the matrix; omnibus approvals may be sought subject to certain conditions

Exemptions for related party transaction approvals:

- (a) between two government companies;
- (b) between BoB and its wholly owned subsidiary whose accounts are consolidated with BoB and placed before the shareholders at the general meeting for approval.
- (c) between two wholly-owned subsidiaries of BoB, whose accounts are consolidated with BoB and placed before the shareholders at the general meeting for approval.

Amendments highlighted in bold

All existing (continuing) material related party contracts or arrangements shall be placed for approval of shareholders in the first subsequent general meeting (this by corollary would extend to AC approvals)



Following transactions entered by the Bank with its Joint Ventures, Associates and other related parties were approved as omnibus transactions subject to at an arm's length basis/ in the ordinary course of business:

Sr. No.	Nature / Category of Transactions with Related Parties	Period of Transactions / Contract / Arrangements	Maximum Cumulative value of transactions	Guidance on Commercial Consideration
1.	Placement of Deposits	Up to 10 years	Up to Rs. 700 crore	Deposit Interest Rate circular / guidelines issued from time to time
2.	Payment of Interest on Deposits	Any number of times / no limit	Any Value	Deposit Interest Rate circular / guidelines issued from time to time
3.	Loans and Advances including non-fund commitments:			Loans and Advances Interest Rate circular / guidelines issued from time to time
	A. Housing Loan	Up to 30 years	Up to Rs. 50 crore	
	B. Other Loans	Up to 10 years	Up to Rs. 750 crore	
4.	Rendering of Services under regulated transactions for which rates or charges are fixed	Any number of times	Any value	Service Charges circular issued from time to time / MOU made
5.	Miscellaneous / Other Banking related services viz. Depositor of Funds, Fixed Deposits, Saving and Current Account services, receipt of fees / brokerage / commissions and other Banking Services, etc.	Any number of times	Up to Rs. 200 crore	Circular / guidelines issued from time to time / MOU made

In case the need for Related Party Transaction (Single / Group) cannot be foreseen and aforesaid details are not available omnibus approval of such RPTs will be subject to their value not exceeding Rs. 1 crore per transaction.

The omnibus approval for the above transactions shall be considered as prior approval for the respective / classified RPT and there shall not be any need / requirement for obtaining prior approval for such transactions. Such omnibus approvals shall be valid for one year from the approval date.

Audit Committee of the Board shall review on a quarterly basis, the details of related party transactions entered into by the bank pursuant to such omnibus approvals.



Disclosures to be provided to stock exchange

Annex

Format for disclosure of related party transactions every six months (see Note 4)

													Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.			
S. No	Details of the party (listed entity /subsidiary) entering into the transaction		Details of the counterparty			Type of related party transaction (see Note 5)	Value of the related party transaction as approved by the audit committee (see Note 6a)	Value of transaction during the reporting period (see Note 6b)	In case monies are due to either party as a result of the transaction (see Note 1)		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments		
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary				Opening balance	Closing balance	Nature of indebtedness (loan/ issuance of debt/ any other etc.)	Cost (see Note 7)	Tenure	Nature (loan/ advance/ inter-corporate deposit/ investment)	Interest Rate (%)	Tenure
Total (of Note 6b)																

Notes:

- 1 The details in this format are required to be provided for all transactions undertaken during the reporting period. However, opening and closing balances, including commitments, to be disclosed for existing related party transactions even if there is no new related party transaction during the reporting period.
- 2 Where a transaction is undertaken between members of the consolidated entity (between the Bank and its subsidiary or between subsidiaries), it may be reported once.
- 3 Listed banks shall not be required to provide the disclosures with respect to related party transactions involving loans, inter-corporate deposits, advances or investments made or given by the listed banks.



- 4 For companies with financial year ending March 31, this information has to be provided for six months ended September 30 and six months ended March 31. Companies with financial years ending in other months, the six months period shall apply accordingly
- 5 Each type of related party transaction (for e.g. sale of goods/services, purchase of goods/services or whether it involves a loan, inter-corporate deposit, advance or investment) with a single party shall be disclosed separately and there should be no clubbing or netting of transactions of same type. However, transactions with the same counterparty of the same type may be aggregated for the reporting period. For instance, sale transactions with the same party may be aggregated for the reporting period and purchase transactions may also be disclosed in a similar manner. There should be no netting off for sale and purchase transactions. Similarly, loans advanced to and received from the same counterparty should be disclosed separately, without any netting off.
- 6 In case of a multi-year related party transaction:
 - a. The aggregate value of such related party transaction as approved by the Audit Committee of the Board shall be disclosed in the column "Value of the related party transaction as approved by the audit committee".
 - b. The value of the related party transaction undertaken in the reporting period shall be reported in the column "Value of related party transaction during the reporting period".
- 7 "Cost" refers to the cost of borrowed funds for the Bank.
- 8 PAN will not be displayed on the website of the Stock Exchange(s).
- 9 Transactions such as acceptance of fixed deposits by banks/NBFCs, undertaken with related parties, at the terms uniformly applicable /offered to all shareholders/ public shall also be reported.



APPENDIX A

LIST OF RULES, REGULATIONS, ACTS, CIRCULARS, MASTER CIRCULARS relied upon.

1. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time,
2. Companies Act, 2013 & Rules, Regulations made and Circulars, Guidelines issued thereunder,
3. The Companies (Meeting of Board and its Powers) Rules, 2014 as amended from time to time,
4. The Companies (Specification of definitions Details) Rules, 2014, as amended from time to time,
5. RBI Circular no. BP.BC.96/21.06.102/2013-14 dated February 11, 2014 on Management of Intra-Group Transactions and Exposures,
6. RBI Master Circular on Disclosure in Financial Statement – Notes to Account, 2015,
7. Accounting Standards (AS- 18) including any amendment or modification thereof.
8. *Listing Agreement for Equity executed by Bank with BSE Ltd. and National Stock Exchange Limited ('Listing Agreement')*,
9. *Applicable Regulations, Circulars, Notification, Guidelines etc. of RBI and SEBI.*

APPENDIX B

LIST OF FORMS REFERRED TO

- i. Format of declaration to be given by the Director/KMP/Related Party regarding related party transaction;
- ii. List of Related Parties of Bank of Baroda (to be filled by the bank and each of its subsidiaries including Declaration from Director or KMP - about self and relatives
- iii. Register of contracts with related party and contracts & Bodies etc. in which Directors are interested, Form MBP-4,
- iv. Format of information to be submitted by Functional Heads,
- v. Format prescribed by SEBI for making RPT disclosures every six months

