

Related Party Transactions Policy
of
ORIX Auto Infrastructure Services Limited

(CIN: U63032MH1995PLC086014)

(Effective Date: May 18, 2017)



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I. **PREAMBLE:**

ORIX Auto Infrastructure Services Limited is a Subsidiary Company of ORIX Corporation (Japan). The Company is professionally managed having good corporate governance and internal control system in place.

This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013, Accounting standards as issued by Institute of Chartered Accountants of India, Income tax Act and such other statutes as may be put in place, in relation to Related Party Transactions.

The Board of Directors (“the Board”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there is no conflict of interest inflicting any apprehension in the minds of the stakeholders, the Board of the Company, acting upon recommendation of its Audit Committee, has adopted the following policy and procedures with respect to Related Party Transactions of the Company. This policy intends to ensure that the transactions of the Company with its related parties are undertaken on the basis of best practices and in accordance with applicable laws.

II. **SCOPE:**

This policy shall be applied in:

- (1) Identifying related party(ies), updating and maintaining the database of such persons/entities;
- (2) Ascertaining that the transactions entered with the related party(ies) is/are in ‘ordinary course of business’ and at ‘arm’s length basis’;
- (3) Identifying related party(ies) transactions;
- (4) Obtaining approvals before entering into any related party(ies) transactions;
- (5) Determining the disclosures / compliances to be adhered in relation to the related party(ies) transactions.

III. **DEFINITIONS:**

- (1) “**Act**” means the Companies Act, 2013.
- (2) “**Arm’s Length Transactions**” means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- (3) “**Arm’s Length Price**” means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

- (4) **“Key Managerial Personnel (KMP)”** means Managing Director, Whole Time Director, Chief Financial Officer ; Company Secretary of the Company and such other officer as may be prescribed from time to time.
- (5) **“Related Party”** is a party as defined in sub-clause (76) of sections 2 of the Act which shall include:
- (a) A Director of the Company or his/her relative
 - (b) A Key Managerial Personnel of the Company or his/her relative
 - (c) A firm in which a Director, manager of the Company or his/her relative is a partner
 - (d) A private company in which Director, Manager of the Company or his relative is a Member or Director
 - (e) A Public Company in which Director or Manager of the Company is a director and holds along with his/ her relatives, more than 2% of its paid up share capital
 - (f) 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 of the Company
 - (g) Any person on whose advice, directions or instructions a Director or Manager of the Company is accustomed to act
 Provided that nothing in sub-clauses (f) and (g) shall apply to the advise, direction or instructions given in the professional capacity
 - (h) Any body corporate which is:
 - (i) a holding, subsidiary or associate company of such a company or
 - (ii) subsidiary of a holding company of which it is also a subsidiary
 - (iii) an investing company or the venturer of a company
 - (i) Such other person as may be prescribed from time to time.
- (6) **“Related Party Transaction”** or “RPT” means transactions as given under clause (a) to (g) sub-section (1) of section 188 of the Act and shall include :
- (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.

Notwithstanding the foregoing, the following shall not be deemed as Related Party Transactions for the purpose of this Policy:

- (i). Reimbursement made of expenses incurred by a Related Party for business purpose of the Company.
- (ii). Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval by the Audit Committee.

(7) **“Relative”**

In terms of Section 2(77) of the Act read with the Companies (Specification of Definitions Details) Rules, 2014 a person is said to be a relative of another, if :

- (a) They are members of a Hindu undivided family;
- (b) They are husband and wife;
- (c) Father (including step-father);
- (d) Mother (including step-mother);
- (e) Son (including step-son);
- (f) Son’s wife;
- (g) Daughter;
- (h) Daughter’s husband;
- (i) Brother (including step-brother); or
- (j) Sister (including step-sister).

(8) **“Ordinary Course of Business”** shall mean any matter which transpires as a matter of normal and incidental daily customs and practices in business and / or something which is done, as a matter of corporate historical practice, in the ordinary course of business and shall include:

- (a) transactions covered in the ‘main objects’ or the ‘objects incidental’ to attainment of the main objects as envisaged in the Memorandum of Association of the Company,
- (b) transactions which are usually carried on by the Company
- (c) transactions which has been done by the Company regularly in last Five (5) years,
- (d) transactions done with a Related Party on a similar basis as if a third party,
- (e) transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money or managerial resources that generates income for the Company.

IV. **IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS:**

- (1) If a Director, KMP wishes to enter into a Related Party Transaction with the Company involving either him/her or his/her Relative, shall give a notice to the Company along with all relevant details and documents.

- (2) Notice of any Related Party Transactions, referred above shall be given well in advance so that the Company has adequate time to obtain additional information or documents about the proposed Related Party Transactions, if necessary, which is required to be placed before the Audit Committee to enable it to approve the said transactions.
- (3) Every Director and KMP shall make an annual disclosure as required under Section 184(1) of the Act read with applicable rules made there under as may be amended from time to time.
- (4) Every Director and KMP shall also promptly intimate any change in the annual disclosures mentioned above.

V. **REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:**

(1) **Approval of the Audit Committee:**

- (a) Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following guidelines:
 - (i) Repetitiveness of the transactions (in past or in future);
 - (ii) Justification for the need of omnibus approval
 - (iii) Whether the transaction(s) are proposed at arm's length basis.
- (b) The omnibus approval given by the Audit Committee shall specify (i) the name/s of the Related Party(ies), (ii) nature of transaction/relationship, (iii) duration/period of transaction, (iv) maximum amount of transaction that can be entered into (v) the indicative base price/current contracted price and the formula for variation in the price if any, (vi) material terms of the contract with value, if any, (vii) Name of the Interested Party/Director/KMP/Relative (vi) brief particulars of the contract, and (vii) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Provided that where 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 Rs. 1 crore per transaction.

- (c) The omnibus approval shall be valid for a period of one (1) financial year and shall require fresh approval after expiry of such financial year.
- (d) Omnibus approval shall not be granted for transactions in respect of selling or disposing of the undertaking of the Company.
- (e) In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), if there are

clearly demonstrable reasons from the Company's business point of view, to enter into a transaction with a Related Party(ies).

- (f) Audit Committee shall review, on yearly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- (g) Factors to be considered by the Audit Committee while approving a Related Party Transaction:
 - (i) Whether the terms of Related Party Transaction are fair and on arm's length basis?
 - (ii) Whether the Related Party Transaction is in the Ordinary Course of Business of the Company or Related Party?
 - (iii) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any?
 - (iv) Whether the Related Party Transaction would affect the independence of an independent director;
 - (v) Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company; and
 - (vi) Any other factors the Audit Committee deems relevant.
- (h) Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.
- (i) Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:
 - (i) Any transaction that involves the providing of compensation to a director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
 - (ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
 - (iii) Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Act.
 - (iv) Transaction(s) as listed below undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year:

- transaction(s) done in Ordinary Course of Business and on Arm's Length basis or at Arm's Length Price;
- receipt of remuneration by way of sitting fees;
- reimbursement of expenses for attending Board Meeting and / or Meetings of Committee of Directors;
- any profit related commission as approved by members.

In connection with any review of a Related Party(ies) Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the applicable legal provisions.

(2) Approval of the Board of Directors:

- (a) The following Related Party(ies) Transactions shall be placed before the Board of Directors for approval, after the approval of the Audit Committee:
- (i) Related Party(ies) Transactions referred by the Audit Committee;
 - (ii) Related Party(ies) Transactions **not** on Arm's Length basis or at Arm's Length Price, and/or;
 - (iii) Related Party(ies) Transactions **not** in the Ordinary Course of Business.
- (b) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-
- (i) the name of the Related Party(ies) and nature of relationship;
 - (ii) the nature, duration of the contract and particulars of the contract or arrangement;
 - (iii) the material terms of the contract or arrangement including the value, if any;
 - (iv) any advance paid or received for the contract or arrangement, if any;
 - (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
 - (vi) 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; and
 - (vii) any other information relevant or important for the Board to take a decision on the proposed transaction in line with the applicable legal requirements.
- (c) Any Director interested in any contract or arrangement with a related party shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

(3) Approval of the Shareholders:

- (a) Where member's approval is required on any Related Party Transaction, such approval shall be prior and obtained through resolution.
- (b) All Related Party Transaction specified under Section 188 of the Act which (a) are not in the ordinary course of business and at arm's length basis or at Arm's Length Price; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 as mentioned below shall be placed before the shareholders for its approval.

Sr. No.	Transactions	Threshold Values
(i)	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	amounting to 10% or more of the TO* of the Company ;
(ii)	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent,	amounting to 10% or more of the NW* of the Company
(iii)	Leasing of property of any kind	amounting to 10% or more of NW* of the Company
(iv)	Availing and rendering of any kind of services, directly or through appointment of agent	amounting to 10% or more of the TO* of the Company
(v)	Appointment of any person in the office or any place of profit in the company, its subsidiary or associate company	at a monthly remuneration exceeding Rs. 2,50,000;
(vi)	Remuneration for underwriting of subscription of any securities or derivatives of the Company	Exceeding 1% of NW of the Company.

*TO (Turnover) and NW (Networth) as referred above shall be computed on the basis of the Audited Financial Statement of the preceding financial year

- (c) the limits specified under Clause (b) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- (d) All the Related Party shall abstain from voting irrespective of whether they are interested in that particular transaction or not . Provided that this requirement shall not apply to a company in which 90% or more members in number are relatives of promoters or are related parties.

- (e) The explanatory statement to be annexed to the notice of a general meeting convened shall contain the following particulars namely:
- (i) Name of the Related Party(ies)
 - (ii) Name of the Director or Key Managerial Personnel who is related, if any;
 - (iii) Nature of relationship;
 - (iv) Nature, material terms, monetary value and particulars of the contract or arrangement;
 - (v) Any other information relevant or important for the members to take a decision on the proposed resolution.

VI. Exception to obtain the required approvals:

No approval of the Shareholders shall be required for transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting.

VII. The approval policy framework is given below:

Audit Committee prior Approval	Board Approval	Shareholders' Approval
❖ All Related Party(ies) Transactions except items mentioned in V(1)(i) above.	<ul style="list-style-type: none"> ❖ Related Party(ies) Transactions referred by Audit Committee for approval of the Board ❖ Related Party(ies) Transactions not in the Ordinary Course of Business and not on Arm's Length basis or at Arm's Length Price. 	❖ Approval by Ordinary resolution for Related Party Transactions a) not in Ordinary Course of Business and/or not at Arm's Length basis or at Arm's Length Price and/or b) crosses prescribed threshold limit mentioned under Clause V(3). No approval shall be required for transactions mentioned under Clause VI.

VIII. DECISION REGARDING TRANSACTIONS IN ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH:

The Audit Committee or the Board shall after considering the materials placed before them judge if the transaction is in the Ordinary Course of Business and meets the Arm's Length requirements or Arm's Length Price.

IX. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event the Company becomes aware of a transaction with a Related Party(ies) that has / have not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding such Related Party(ies) Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party(ies) Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party(ies) Transaction to the Committee under this Policy, and shall take any such action as it deems appropriate.

In case, where the Audit Committee determines not to ratify a Related Party(ies) Transaction that has/have been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of such transaction.

In case the Company is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

If any contract or arrangement mentioned under section 188 of the Act is entered into by a director or any other employee, without obtaining the consent of the Board or approval of shareholders and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within 3 months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders.

X. AMENDMENT:

This Policy shall be reviewed by the Audit Committee every year, in order to align with the ongoing regulatory and business requirements. The policy as reviewed by the Audit Committee shall be placed before the Board for its approval. Any and all provisions of this Policy shall also be amended as required due to any regulatory changes from time to time.

In case any amendments, clarifications, circulars and guidelines, not being consistent with the provisions laid down under this Policy, then the provisions of such amendments, clarifications, circulars and the guidelines shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendments, clarifications, circulars and guidelines.

XI. DISCLOSURE:

Appropriate disclosures needs to be made as required by the Act. This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in its annual report.

Revision History

Revision date	Description	Reviewed / Revised by	Version #
May 18, 2017	Introduction of the Policy as per Companies Act , 2013	Secretarial Department	1.0
July 31, 2018	Review of the Policy	Secretarial Department	1.0
July 04, 2019	Review of the Policy	Secretarial Department	1.0
May 27, 2019	Review of the Policy	Secretarial Department	1.0
July 31, 2020	Amendment of the Policy	Secretarial Department	2.0