

# **SF3-IN Related Party Policy**

---

**Version 05**  
**September, 2018**

## **BMW India Financial Services Private Limited**

### **Table of Contents**

<b>1.</b>	<b>Introduction .....</b>	<b>3</b>
<b>2.</b>	<b>Purpose.....</b>	<b>3</b>
<b>3.</b>	<b>Applicability and Effective Date.....</b>	<b>3</b>
<b>4.</b>	<b>Definitions.....</b>	<b>3</b>
<b>5.</b>	<b>Policy .....</b>	<b>3</b>
<b>6.</b>	<b>Identification of Potential Related Party Transaction .....</b>	<b>4</b>
<b>7.</b>	<b>Review and approval of Related Party Transactions .....</b>	<b>4</b>
<b>8.</b>	<b>Related party transactions not approved under this Policy.....</b>	<b>5</b>
<b>9.</b>	<b>Amendments in Law .....</b>	<b>5</b>

## 1. Introduction

BMW India Financial Services Private Limited (the Company) recognizes that certain relationships can present potential or actual conflict of interest and may raise questions about whether transactions are associated with such relationships are consistent with Company's and its stakeholders' best interest.

This policy envisages the procedure governing Related Party Transactions required to be followed by the Company to ensure compliance with the applicable Law and Regulation. The Related Party Transaction Policy may be amended from time to time and is subject to the approval of the Board of Directors of the Company.

## 2. Purpose

This policy is framed as per requirement of applicable laws and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in the Financial Statements certain transactions between the Company and Related Parties as well as policies concerning transactions with Related Parties.

## 3. Applicability and Effective Date

This Policy has been approved by the Board of Directors on its meeting held on 3<sup>rd</sup> February, 2015 and is effective therefrom to regulate transactions between the Company and its Related Parties based on applicable laws and regulations. Policy was reviewed by Board of Directors on its meeting held on 23<sup>rd</sup> September, 2016, 14<sup>th</sup> September 2017 and 13<sup>th</sup> September 2018

## 4. Definitions

**“Arms Length Transactions”** means transactions between two related parties that are conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance can be taken from provisions of Transfer Pricing under Income Tax Act, 1961

**“Policy”** means Related Party Transaction Policy.

**“Related Party Transaction”** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a Company and a related party, regardless of whether a price is charged.

The terms not defined under the Policy will have the same meaning as provided under the Companies Act, 2013 and the Income Tax Act, 1961

## 5. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

## 6. Identification of Potential Related Party Transaction

- BMW Group Companies including investing Company or Venturer of Company as prescribed in the Companies Act, 2013 and the Rule thereof:

–

- ***Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.***

All Companies including body corporates in BMW Group shall be considered as Related Parties.

- Directors (excluding Independent Directors) and Key Managerial Persons and connected Related Parties of the Company including that of the Holding Company:

Each Director and Key Managerial Personnel shall disclose to the Company Secretary of the Company its Related Parties. The board shall record the disclosure of interest in Form MBP I and also in the prescribed Declaration and Undertaking provided in the Regulatory Framework for NBFC by the Reserve Bank of India

- The Company will identify the potential transactions with the Related Parties

## 7. Review and approval of Related Party Transactions

Every Related Party transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation. However the Audit Committee may grant omnibus approval for Related Party transactions proposed to be entered into with the Company.

The Audit Committee shall take into consideration the following factors like:

- a) repetitiveness of the transactions (both past or in future);
- b) justification of the need for such approval; and
- c) transactions which are in the ordinary course of business and are at arm’s length basis.

The Board of Directors may from time to time specify the criteria for making the Omnibus approval by the Audit Committee which shall include the following:

- a) Maximum value of transactions in aggregate which can be allowed under the omnibus route in a year;
- b) Maximum value per transaction which can be allowed;
- c) Extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval;
- d) Review of each omnibus approval granted by the audit committee as may be deemed fit at periodic intervals; and
- e) Transactions which cannot be subject to the omnibus approval by the audit committee.

Such omnibus approval if furnished by the Audit Committee shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such period.

In the event any contract or arrangement with a related party is not in compliance of the factors as stated above then the Company shall comply with the provisions of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) and obtain requisite approval.

Any member of the Committee who has potential interest in any Related Party transaction shall subject to the provisions of the applicable laws abstain from discussion and voting on the approval of Related Party transaction.

To review a Related Party Transaction, the Committee shall be provided with the following information to the extent relevant with respect to actual or potential Related Party transaction and/or prescribed under applicable laws and regulations:

- a) Name of related parties
- b) Nature and duration of the transactions
- c) Maximum amount of transaction that can be entered into
- d) Indicative base or current contracted price and the formula for variation in the price if any
- e) Any other relevant information.

Where it is not possible to foresee the need for any related party transaction and the aforesaid details are not available then the audit committee may provide approval for such transactions subject to their value not exceeding such amount as may be prescribed by the applicable laws per transactions.

### **8. Related party transactions not approved under this Policy**

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding Related Party Transaction and shall evaluate all options available to the Company including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take such action/decision it deems appropriate. Any transaction which is entered by the Company in the ordinary course of business and on an arm's length basis shall not require any approval of the Committee and board of directors.

### **9. Amendments in Law**

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to the Audit Committee. In all such matters, the decision of the Audit Committee shall be final.

Any or all provisions of the Related Party Policy would be subject to revision/amendment by the Board of Directors of the Company based on the recommendations of the Audit Committee in accordance with the Companies Act, 2013, other applicable rules and regulations as may be prescribed by the Central Government, from time to time.

The Company reserves the right to modify, cancel, add, or amend the Policy.