

**Reliance Nippon Life Insurance Company**  
**Limited**  
**Policy and Internal Processes**  
**in regard to**  
**Related Party Transactions**

Ver. No.	Date of last Amendment
1	July, 2018
1.1	October, 2018
2	January, 2020
2.1	April, 2020

## Contents

1	RELATED PARTY POLICY .....	3
2	TERMS OF REFERENCE OF AUDIT COMMITTEE FOR RELATED PARTY TRANSACTION .....	4
3	PROCESS FLOW CHART .....	6
4	RELATED PARTY .....	7
5	RELATED PARTY TRANSACTIONS COVERED UNDER SECTION 188.....	7
6	RELATED PARTY TRANSACTIONS AS PER PROVISIONS ACCOUNTING STANDARD 18 .....	9
6.1	Audit Committee Noting.....	9
7	TRANSACTION COVERED UNDER THE AGREEMENT EXECUTED BEFORE APRIL 1, 2014.....	10
7.1	CEO & CFO certification .....	10
7.2	ACM Noting.....	11
7.3	Board Noting .....	12
8	TRANSACTION IN THE ORDINARY COURSE OF BUSINESS AND AT THE ARMS LENGTH PRICING .	13
8.1	CEO & CFO certification .....	13
8.2	ACM Noting.....	14
8.3	Board Noting.....	15
9	TRANSACTION NOT IN THE ORDINARY COURSE OF BUSINESS AND/OR TRANSACTION ARE NOT AT THE ARMS LENGTH PRICING .....	16
9.1	ACM Approval .....	16
9.2	Board Approval .....	16
10	OPINION OF AMARCHAND MANGALDAS .....	18

## **1 RELATED PARTY POLICY**

### **1. Introduction**

This Policy is framed by the Company which came into effect from 1 April, 2014. This Policy applies to transaction entered into with a Related Party on or after 1 April, 2014, or any modifications effected on or after 1 April, 2014 to subsisting transactions with Related Parties.

### **2. Definitions**

- (a) **“Act”** means Companies Act, 2013 including any statutory modification or re-enactment thereof;
- (b) **“Board”** means Board of Directors of the Company.
- (c) **“Related Party”** with reference to the company, means an entity where such entity is a related party as defined under section 2(76) of the Companies Act, 2013; or
- (d) **“Related Party Transaction”** means a transaction between the company and a Related Party which transaction is of the nature specified in sub-clause (a) to (g) of section 188(1) of the Companies Act, 2013.
- (e) **“Ordinary Course of Business”** means Activities carried by the Company as mentioned under the main object and other incidental or ancillary activities to its main object.as mentioned under the Memorandum of Association of the Company.
- (f) **“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.

### **3. Transactions between Company & Related Parties & Materiality Threshold**

Transactions between the Company and Related Parties shall be entered into in the manner that is compliant with the applicable provisions of the Companies Act, 2013 and rules made there under.

### **4. Internal Processes in regard to Related Party Transactions**

The Company shall, shall have a mechanism for the purpose of identification of Related Parties and any transactions with them, determination of whether the transaction(s) is in ordinary course of business, whether the transaction(s) is on an arm’s length basis, monitoring “materiality” threshold, and other relevant matters to ensure adherence to this policy in entering into transactions with Related Parties.

**5. Amendment**

The Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever, in addition, shall be reviewed annually. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or any law for the time being in force.

**2 TERMS OF REFERENCE OF AUDIT COMMITTEE FOR RELATED PARTY TRANSACTION**

The Company had taken opinion from M/s Amarchand Mangaldas on various issues pertaining to Related Party Transactions in terms of the provisions of the Companies Act, 2013 and Rules made thereunder. Copy of the opinion is placed before the Board for perusal.

Based on the said opinion, it is proposed to consider following shall be the “Terms of Reference” of the Audit Committee with respect to the Related Party Transactions:

- a. Take note of statement in summary form of transactions with related parties in the ordinary course of business and on arm’s length basis.

(Note:

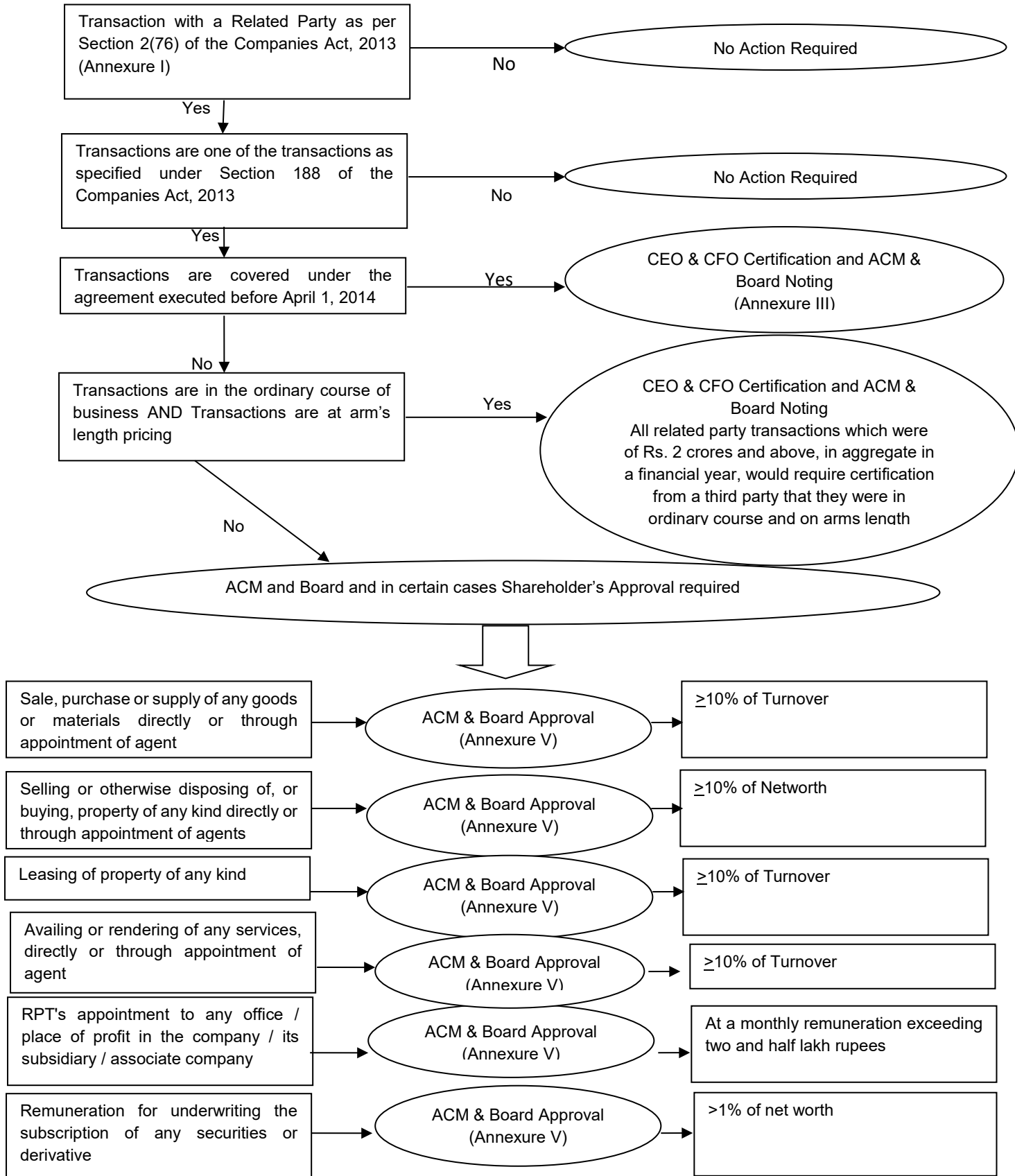
The Methods of Determination of Arm’s length Pricing (ALP) includes the following:

1. Comparable uncontrolled price (CUP) method
2. Resale price method
3. Cost plus method
4. Transactional net margin method (TNMM)
5. Transactional profit split method
6. Residual Method

- b. Review details of material individual transactions with related parties:
  - I. which are not in the ordinary course of business and
  - II. details of material transaction with related parties, which are not on an arm's length basis,

together with Management's justification for the same and provide its' comments / views thereon to the Board of Directors.

### 3 PROCESS FLOW CHART



Refer Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014

**Annexure I**

## **4 RELATED PARTY**

A Related Party shall be as defined under Section 2(76) of The Companies Act, 2013

**Annexure II**

## **5 RELATED PARTY TRANSACTIONS COVERED UNDER SECTION 188**

Section 188 of the 2013 Act is applicable to specified related party transactions. For ease of reference, Section 188(1) is set out below:

- (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 not 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 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.”

**Contract or arrangement with a related party shall be as per Section 188 and Rule 15 (Chapter XII) of the Companies (Meetings of Board and its Powers) Rules, 2014**



**Annexure III**

**6 RELATED PARTY TRANSACTIONS AS PER PROVISIONS ACCOUNTING  
STANDARD 18**

**a. Audit Committee Noting**

Related Party Transactions as per provisions Accounting Standard 18

A statement of related party transaction as per provisions of Accounting Standard 18 was placed before the Committee.

The Committee noted the same.

---

## **7 TRANSACTION COVERED UNDER THE AGREEMENT EXECUTED BEFORE APRIL 1, 2014**

### **a. CEO & CFO certification**

#### **Audit Committee / Board of Directors**

\_\_\_\_\_ Limited

#### **Registered office Address**

Dear Sir,

This is to confirm that the transactions entered into during the financial year 2014-15 up to Quarter ending \_\_\_\_\_ by the Company with the following related parties were pursuant to the below mentioned pre-existing contracts/agreements entered into on or before March 31, 2014. Being transactions pursuant to pre-existing contracts/agreements entered into on or before March 31, 2014, they are outside the purview of section 188 of the Companies Act, 2013.

We further confirm that after undertaking due diligence and inquiry we are satisfied that the transactions pursuant to the said contracts / agreements were in the ordinary Course of the Company's Business and are on an Arm's Length basis and therefore outside the purview of section 188 of the Companies Act, 2013.

Sr. No	Name of Related Party	Details of Contract

Thanking you.

Yours faithfully,

For \_\_\_\_\_ Limited

For \_\_\_\_\_ Limited

**Chief Executive Officer**

**Chief Financial Officer**

## **b. ACM Noting**

### Noting of transaction pursuant to Pre Existing Contracts

#### (a) Related Party Transactions as per provisions Accounting Standard 18

A statement of related party transaction as per provisions of Accounting Standard 18 was placed before the Committee.

The Committee noted the same.

#### Related Party Transactions as per provisions the Companies Act, 2013

A statement of transactions, as per provisions the Companies Act, 2013, which have taken place during the quarter ended \_\_\_\_\_, with related parties pursuant to the pre-existing contracts/agreements entered into on or before March 31, 2014 was placed before the Committee.

CEO and CFO also placed a certificate confirming that after undertaking due diligence and inquiry, they were both satisfied that being transactions pursuant to pre-existing contracts/agreements entered into on or before March 31, 2014, they are outside the purview of section 188 of the Companies Act, 2013.

CEO and CFO also placed a certificate confirming that undertaking due diligence and inquiry, we are satisfied that the transactions pursuant to the said contracts / agreements were in the ordinary Course of the Company's Business and are on an Arm's Length basis and therefore outside the purview of section 188 of the Companies Act, 2013.

The Committee noted the same.

### **c. Board Noting**

#### Noting of transaction pursuant to Pre Existing Contracts

A statement of transactions, as per provisions the Companies Act, 2013, taken place during the quarter ended \_\_\_\_\_, with related parties pursuant to the pre-existing contracts/agreements entered into on or before March 31, 2014 was placed before the Board.

CEO and CFO also placed a certificate confirming that after undertaking due diligence and inquiry, they were both satisfied that being transactions pursuant to pre-existing contracts/agreements entered into on or before March 31, 2014, they are outside the purview of section 188 of the Companies Act, 2013.

CEO and CFO also placed a certificate confirming that undertaking due diligence and inquiry, we are satisfied that the transactions pursuant to the said contracts / agreements were in the ordinary Course of the Company's Business and are on an Arm's Length basis and therefore outside the purview of section 188 of the Companies Act, 2013.

The Board noted the same.

**Annexure IV**

**8 TRANSACTION IN THE ORDINARY COURSE OF BUSINESS AND AT  
THE ARMS LENGTH PRICING**

**a. CEO & CFO certification**

**Audit Committee / Board of Directors**

\_\_\_\_\_ Limited

**Registered office Address**

Dear Sir,

This is to confirm that the transactions entered into during the financial year 2014-15 up to Quarter ending \_\_\_\_\_ by the Company with the following related parties were pursuant to the contracts/agreement entered after April 1, 2014.

We confirm that after undertaking due diligence and inquiry we are satisfied that the transactions pursuant to the said contracts / agreements were in the ordinary Course of the Company's Business and are on an Arm's Length basis and therefore outside the purview of section 188 of the Companies Act, 2013.

Also, for the transaction(s) which are of the value of Rs. 2 Crore / more, a Third Party Certification from M/s \_\_\_\_\_ confirming that the transactions were in the ordinary Course of Business and are at Arm's Length, is enclosed for the consideration of the Committee / Board.

Sr. No	Name of Related Party	Details of Contract

Thanking you.

Yours faithfully,

For \_\_\_\_\_ Limited

For \_\_\_\_\_ Limited

**Chief Executive Officer**

**Chief Financial Officer**

## **b. ACM Noting**

### Noting for ordinary course of Business and Arms' Length transactions

The Committee was briefed about the transactions which have taken place in the Ordinary Course of Business and are on Arms' Length basis during the quarter ended \_\_\_\_\_, with related parties in terms of requirements under the accounting standards and the Companies Act, 2013.

The statement of the transactions which satisfy the above stated requirements which have been entered into during the quarter ended.....was also placed before the Committee.

It was specifically confirmed by the CEO and CFO that after undertaking due diligence and inquiry, they were both satisfied that all the transactions were entered into by the Company were in its ordinary course of Business and were on an Arms Length basis and therefore outside the purview of the provisions of Section 188 of the Companies Act, 2013.

Also, for the transaction(s) which are of the value of Rs. 2 Crore / more, a Third Party Certification from M/s \_\_\_\_\_ confirming that the transactions were in the ordinary Course of Business and are at Arm's Length, is enclosed for the consideration of the Committee.

The Committee noted the same.

### **c. Board Noting**

#### Noting for ordinary course of Business and Arms' Length transactions

The Board was briefed about Ordinary Course of Business and Arms' Length transactions, taken place during the quarter ended \_\_\_\_\_, with related parties in terms of requirements under the accounting standards and the Companies Act, 2013.

The statement of Ordinary Course of Business and Arms' Length related party transactions for the quarter ended was also placed before the Board.

It was specifically confirmed by the CEO and CFO that after undertaking due diligence and inquiry, they were both satisfied that all the transactions were entered into by the Company in its ordinary course of Business and are on an Arms Length basis and were therefore outside the purview of the provisions of Section 188 of the Companies Act, 2013.

Also, for the transaction(s) which are of the value of Rs. 2 Crore / more, a Third Party Certification from M/s \_\_\_\_\_ confirming that the transactions were in the ordinary Course of Business and are at Arm's Length, is enclosed for the consideration of the Board.

The Board noted the same.

---

(Annexure V)

## 9 TRANSACTION NOT IN THE ORDINARY COURSE OF BUSINESS AND/OR TRANSACTION ARE NOT AT THE ARMS LENGTH PRICING

### a. ACM Approval

#### Approval for Transactions by Audit Committee

RESOLVED THAT based on and having regard to the information and justification provided by the management with regard to the transactions referred to herein and pursuant to provisions of Section 188 and 177 and other applicable provisions ,if any ,of the Companies Act,2013,read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and subject to and conditional upon approval of the Board of Directors, approval of audit Committee be and is hereby granted for the following transactions:

1.	Name of the related party	
2.	Nature of relationship	
3.	Nature of Contract	
4.	Duration of Contract	
5.	Particulars of Contract	
6.	Material terms of the contract or arrangement including the value, if any	
7.	Advance paid or received for the contract or arrangement, if any	

Note : The information and justification provided by the management with regard to the transaction should be set out in the minutes of this item before setting out the above resolution.

### b. Board Approval



Approval for Transactions by the Board of Directors with Related Parties

The Board noted that Audit Committee at its meeting held \_\_\_\_\_, had subject to and conditional upon approval of the Board of Directors, approved the related party transactions as placed before the meeting.

The Board has perused the information and justification placed before the Board for the related party transaction as per the following details:

Resolved that based on and having regard to the information and justification provided by the management with regard to the transactions referred to herein and pursuant to provisions of Section 188 and 177 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, approval of the Board be and is hereby granted for the following transactions:

1.	Name of the related party	
2.	Nature of relationship	
3.	Nature of Contract	
4.	Duration of Contract	
5.	Particulars of Contract	
6.	Material terms of the contract or arrangement including the value, if any	
7.	Advance paid or received for the contract or arrangement, if any	

Note : The information and justification provided by the management with regard to the transaction should be set out in the minutes of this item before setting out the above resolution

## **10 OPINION OF AMARCHAND MANGALDAS**

Opinion attached for perusal and reference.