

THE ORIENTAL INSURANCE COMPANY LIMITED
HEAD OFFICE, NEW DELHI.

Deptt.: Board Sectt.

Item No. : **II-4**
Date 13 FEB 2017

NOTE TO BOARD FOR APPROVAL

Adoption of 'Related Party Transactions' Policy

Gist of Proposal

To consider and approve the Related Party Transactions Policy of the Company.

Background

The Companies Act, 2013 has introduced sections 177, 184 and 188, which contain provisions regarding related party transactions. These sections, along with the relevant rules framed under the Companies Act, have introduced certain compliances and approval requirements regarding the related party transactions. Such a policy is also mandated by the Guidelines on Corporate Governance, 2016, as released by the Insurance Regulatory and Development Authority of India.

Department's Recommendations

In accordance with the provisions of Companies Act 2013 and Corporate Governance Guidelines 2016 issued by Insurance Regulatory & Development Authority of India, the Related Transactions Policy of the Company has been drafted.

Draft of Resolution

Board is requested to consider and, if approved, pass the following Resolution:

"RESOLVED THAT the Related Transactions Policy of the Company as annexed to the Note be and is hereby approved.

Submitted for approval of the Board.



(ATUL SAHAI)
GENERAL MANAGER

Encl.: As above.

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सिन/CIN : U66010DL1947GOI007158

दि ओरिएण्टल इंश्योरेंस कंपनी लिमिटेड
प्रधान कार्यालय, नई दिल्ली

मद सं.:

विभाग: बोर्ड सचिवालय

दिनांक:

मंडल के अनुमोदनार्थ नोट

संबंधित पक्ष लेनदेन पॉलिसी को अंगीकार करना

प्रस्ताव का सार

कंपनी की संबंधित पक्ष लेनदेन पॉलिसी पर विचार करना व उसे अनुमोदित करना।

पृष्ठभूमि

कंपनी अधिनियम, 2013 ने धारा 177, 184 एवं 188 शुरुआत की है जिसमें संबंधित पक्ष लेनदेन के संबंध में प्रावधान शामिल हैं। इन धाराएं ने , कंपनी अधिनियम के तहत बनाए गए प्रासंगिक नियमों के साथ में संबंधित पक्ष लेनदेन के संबंध में कुछ अनुपालन और अनुमोदन आवश्यकताओं की शुरुआत की है। इस तरह की पॉलिसी भारतीय बीमा विनियामक और विकास प्राधिकरण द्वारा जारी की गई कॉरपोरेट गवर्नेंस, 2016 पर दिशा निर्देशों द्वारा भी आवश्यक है।

विभाग की संस्तुतियां

कंपनी अधिनियम, 2013 और भारतीय बीमा विनियामक और विकास प्राधिकरण द्वारा जारी कॉरपोरेट गवर्नेंस दिशा निर्देश 2016 के अनुसार, कंपनी की संबंधित पक्ष लेनदेन पॉलिसी का मसौदा तैयार किया गया है।

संकल्प का मसौदा

मंडल से अनुरोध है कि इस पर विचार करे और यदि अनुमोदित हो तो निम्नलिखित संकल्प पारित करे:-

नोट: संदर्भित व्याख्या की सुविधा के लिए
अंग्रेजी विवरण ही मान्य होगा।

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“संकल्प लिया जाता है कि नोट के साथ संलग्नानुसार कंपनी की संबंधित पक्ष लेनदेन पॉलिसी को अनुमोदित किया जाए एवं एतद्द्वारा किया जाता है।”

मंडल के अनुमोदनार्थ प्रस्तुत ।

(अतुल सहाय)

महाप्रबंधक

स: उपरोक्तानुसार

नोट: संदर्भित व्याख्या की सुविधा के लिए
अंग्रेजी विवरण ही मान्य होगा।

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THE ORIENTAL INSURANCE COMPANY LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. PREAMBLE

The Companies Act, 2013 has introduced sections 177, 184 and 188, which contain provisions regarding related party transactions. These sections, along with the relevant rules framed under the Companies Act, have introduced certain compliances and approval requirements regarding the related party transactions. Such a policy is also mandated by the Guidelines on Corporate Governance, 2016, as released by the Insurance Regulatory and Development Authority of India.

2. PURPOSE

The policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations. This policy is drafted to give effect to prescriptions made in following legislations:

- a) Companies Act, 2013 & Rules, Regulations made, and circulars, guidelines issued there under
- b) Insurance Regulatory and development Authority Act, 1999 & Rules, Regulations made, and circulars, guidelines issued there under
- c) Accounting Standard 18 including any amendment or modification thereof

3. SCOPE OF APPLICATION

This policy shall come into force with effect from the date of Board approval. The onus of seeking approval lies with the concerned department entering into such related party transactions.

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4. DEFINITIONS

S. No.	Term used in Policy	Description
1	Act	Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force
2	Arm's length transactions	In terms of Companies Act, means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
3	Company	means 'The Oriental Insurance Company Limited'
4	Board	Means the collective body of Directors of the Company
5	Audit Committee	A committee of directors constituted in terms of section 177 of the Companies act, 2013, read with Rule 6 of the Companies (Meetings of Board and its Powers) rules, 2014
6	General Meeting	Means and includes Annual General Meeting and /or Extraordinary General Meeting
7	Associate Company	A company in which the Company has a significant influence, but which is not a subsidiary company of the company and includes a joint venture company
8	Subsidiary Company	As defined in section 2(46) of Companies Act, 2013
9	Joint Venture	A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control
10	Policy	Means 'Related party transactions policy' duly approved by the Board and includes any amendment / modification thereof
11	Related Party	As defined in section 2(76) of the Companies Act, 2013
12	Relative	As defined in section 2(77) of Companies Act, 2013
13	Key persons	As defined in IRDA Corporate Governance Guidelines, 2016, and any amendments thereof

14	Key managerial personnel	As defined in section 2(51) of Companies Act, 2013
15	Related party transactions	Transactions as given under Section 188(1)(a to g) of Companies Act, 2013. These include sale, purchase, leasing or supply of goods or property, availing / rendering of any services, appointment of agents for any of the above, underwriting of securities, transfer of resources, services or obligations between a company and a related party regardless of whether price is charged.
16	Material related party transactions	Related party transactions as defined for contracts or arrangements given under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, requiring shareholders' approval
17	Ordinary Course of Business	Includes transactions undertaken in the normal course of insurance business as permitted by law / regulations and as part of customary business practices or by its long standing conduct

5. TYPE OF TRANSACTIONS COVERED

The transactions should be undertaken in the ordinary course of business, the indicative factors for which are listed below:

1. The transaction is normal or otherwise unremarkable for the business
2. The transaction is frequent / regular
3. The transaction is a source of income for the business
4. The transaction is part of standard industry practice, even though the Company may not have done it in the past

The above stated criteria are not exhaustive and the Company will have to assess each transaction considering its specific nature and

circumstances. Some examples for Ordinary course of business in respect of our Company are:-

1. Insurance services
2. Payouts to intermediaries
3. Expenses towards infrastructure sharing
4. Investment transactions
5. Banking transactions

6. MECHANISM FOR APPROVAL OF RELATED PARTY TRANSACTIONS

A. AUDIT COMMITTEE

All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for approval.

Any member of the Audit Committee who has a potential interest in any related party transaction will recuse himself and abstain from discussion / approval of the related party transaction. A related party transaction which is

- (i) not in the ordinary course of business, or
- (ii) not at arm's length,

would require approval of the Board of Directors or of shareholders as detailed in subsequent paragraphs.

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to certain criteria / condition as required under Companies Rules 2014 and such other conditions it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for one financial year.

B. BOARD OF DIRECTORS

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being

- (i) Not in the ordinary course of business, or
- (ii) Not at an arm's length price,

the Board will consider factors such as nature of transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction for according its approval.

Any member of the Board who has any interest in any related party transaction will recuse himself and abstain from discussion / approval of the related party transaction.

C. SHAREHOLDERS

A related party transaction which 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, shall be required to be approved by shareholders. 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.

However, the shareholders' approval is not required for the transactions entered into between the Company and its wholly owned subsidiaries whose accounts are consolidated with the Company and placed before the shareholders at the general meeting.

7. REPORTING OF RELATED PARTY TRANSACTIONS

Appropriate disclosures as required under the Act will be made in the Financial Statements, Board's Report and website of the Company.