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## 1. Scope and Purpose

The Board of Directors (the “Board”) of Oil India Limited (the “Company” or “OIL”), acting upon the recommendation of its Directors and Audit & Ethics Committee (the “Committee”), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is intended to ensure proper approval and reporting of transactions between the Company and any of its related parties.

## 2. Objective

This policy is framed as per requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015], the Companies Act, 2013 and amendments issued in the regulatory framework from time to time.

This Policy shall supplement Company’s other policies/ procedures/ practices/ Delegation of Powers etc. which require approval of the Transactions/ Contracts/ Arrangement in specified manner and by specified authority. If there are more than one set of requirements due to application of multiple laws and regulations, the endeavour will be based on the compliance principle which would meet the higher governance standards.

## 3. Definitions

- a. **“Audit & Ethics Committee or Committee”** means Committee of Board of Directors of the Company constituted under the applicable provisions of SEBI (LODR) Regulations, 2015 and Companies Act, 2013.
- b. **“Board”** means Board of Directors of the Company.
- c. **“Control” is defined as detailed in :**
  - i. Regulation 16 of SEBI (LODR) Regulations, 2015
  - ii. Section 2(27) of the Companies Act, 2013
- d. **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Regulation 2(1)(o) of the SEBI (LODR) Regulations, 2015 and Section 2(51) of the Companies Act, 2013
- e. **“Material Related Party Transaction”** means a Material Related Party Transaction as defined in Regulation 23(1) of the SEBI (LODR) Regulations, 2015.

- f. **“Material Modification”** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit & Ethics Committee / Board / Shareholders, as the case may be.

Provided that change in the value of RPT on account of following shall not be considered as Material Modification:

Change in the existing RPT due to the reasons beyond the control of the Related Parties  
Change due to revision / imposition of statutory levies like taxes, duties etc.

- g. **“Policy”** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.
- h. **“Related Party”** means related party as defined in under section 2 (76) of the Act and 2(1)(zb) of the SEBI (LODR) Regulations, 2015
- i. **“Related Party Transaction”** means Related Party Transaction as defined in Regulation 2 (1)(zc) of the SEBI (LODR) Regulations, 2015 and Section 188 of the Companies Act, 2013.
- j. **“Relative”** means relative as defined under Regulation 2(1) (zd) of the SEBI (LODR) Regulations, 2015 and Section 2(77) of the Companies Act, 2013
- k. **“Transactions on arm’s length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- l. **“Associate company”** means a Company as defined under Regulation 2(1)(b) of the SEBI (LODR) Regulations, 2015 and Section 2(6) of the Companies Act, 2013.

#### **4. Manner of Dealing with Related Party Transactions and subsequent material modifications**

All Related Party Transactions and subsequent material modifications to be reported to the Audit & Ethics Committee and referred for approval by the Committee in accordance with this Policy. Only those members of the audit committee, who are independent directors, shall approve related party transactions.

##### **4.1 Identification of Related Parties**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board Audit & Ethics Committee regarding persons and entities to be considered as “Related Party” by virtue of his/her being Director/KMP in the entity or holding certain shareholding percentage. Such notice shall be provided to the company at the time of appointment and also at the time of

first board meeting in every financial year and whenever there is any change in the disclosures already made.

#### **4.2 Identification of Related Party Transactions and/or Material modifications of Related Party Transactions**

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or Audit & Ethics Committee of any potential Related Party Transaction and/or material modifications of Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit & Ethics Committee may reasonably request. Board/Audit & Ethics Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

#### **4.3 Approval Requirements for Related Party Transactions and subsequent material modifications.**

All Related Party Transactions shall require prior approval of the Audit & Ethics Committee. Further, all Material Related Party Transactions and subsequent material modifications shall require approval of the shareholders and the Related Parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

A related party transaction to which the unlisted subsidiary of OIL is a party but OIL is not a party, shall require prior approval of the Audit & Ethics Committee of OIL and Shareholders if the value of such transaction exceeds the threshold limit as prescribed under SEBI (LODR) Regulations, 2015.

All Related Party Transactions which are neither in the ordinary course of business nor at arm's length price require Board approval. Also the shareholders' approval is required if the value of such transaction exceeds the threshold limit given under the Companies Act 2013.

#### **4.4 Review and Approval of Potential Related Party Transactions and material modifications of Related Party Transactions**

Potential Related Party Transactions and material modifications of Related Party Transactions shall be referred to the Audit & Ethics Committee for review and approval.

To review a Related Party Transaction and material modifications of Related Party Transactions, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (i) Whether the terms of the Related Party Transaction are at arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (ii) 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;
- (iii) Whether the Related Party Transaction would affect the independence of an independent Director;
- (iv) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- (v) Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- (vi) Whether the Related Party Transaction would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction, and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.
- (vii) If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

*Only those members of the audit committee, who are independent directors, shall approve related party transactions.*

In case, there is any conflict between this policy and the applicable laws including clarifications etc., the matter shall be considered in view of the applicable laws including clarifications etc.

In the case of Transactions which are frequent and regular in nature and are in the normal course of business of the Company, the Audit & Ethics Committee may grant omnibus approval for such transactions, provided that the Audit & Ethics Committee shall lay down criteria for granting such approval, the Committee shall satisfy itself of the need for such omnibus approval and it is in the interest of the Company, and such omnibus approval shall specify:

- The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
- The indicative base price / current contracted price and the formula for variation in the price if any and
- Such other conditions as the Audit & Ethics Committee may deem fit.

Provided that that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit & Ethics Committee may grant omnibus approval for such

transactions subject to their value not exceeding Rs.1 crore per transaction. The Audit & Ethics Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

The requirement of obtaining Audit & Ethics Committee and shareholders' approval for related party transactions (as referred to under Regulation 23 (2) (3) and (4) of SEBI (LODR) Regulation, 2015) is exempted under following circumstances:-

- i) transactions entered into between two Government Companies;
- ii) 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.
- iii) 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.

"Government Company" shall have the same meaning as defined in Section 2(45) of the Companies Act, 2013."

## **5. Committee / Board to seek details**

While reviewing any Related Party Transaction, the Committee and/or the Board shall be at liberty to call for more information/details/advise/opinion from the following persons:

- Any employee
- Internal Auditor
- Statutory Auditor
- Cost Auditor
- Secretarial Auditor
- Legal Advisor
- External Expert/Consultant

## **6. Determination of Arm's Length Price**

The arm's length principle and the transfer pricing methodologies prescribed under the Indian Income-Tax Act, 1961 ('IT Act') as well as associated domestic and international guidance shall be referred to determine arm length price relating to all related party transactions.

## **7. Reporting and Disclosures**

The Company shall comply with all reporting and disclosure requirements as may be prescribed from time to time in terms of applicable laws including the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The Company shall disclose this policy relating to Related Party Transactions on its website and a web link shall be provided in the Annual Report.

This Policy will be communicated to all employees and other concerned persons of the Company and shall be placed on the website of the company at [www.oil-india.com](http://www.oil-india.com).

## **8. Amendment**

The Audit & Ethics Committee of the Company shall review and may recommend amendments to this policy from time to time, subject to the approval of the Board of Directors of the Company.

Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

Policy :	Competent Authority
Date of Approval :	