

## **AUTORIDERS INTERNATIONAL LIMITED**

### **Related Party Transaction Policy**

#### **I. PURPOSE**

- (1) The Purpose of this Policy and Procedure document is to ensure protection of corporate interest, adequate disclosure and proper procedure to be followed for the material transactions or arrangement or contract to be entered into or performed by and between the Company or its subsidiaries or associates and Related Parties (as defined below) in accordance with the principle enshrined in the Companies Act, 2013 and Listing Agreement. This policy will be applicable to the Company. The objective of this policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations to the Company.
- (2) Autoriders International Limited (hereinafter referred to as “AIL”) recognizes that there are situations in which Related Party Transactions might be in, or at least not inconsistent with, the best interests of AIL and its shareholders. Such situations could include, without limitation, situations in which AIL could obtain products or services of a nature, quality or quantity, or on other terms, that are not readily available from alternative sources or in which AIL could provide products or services to Related Parties (as defined below) on an arm’s length basis on terms comparable to those provided to unrelated third persons.

#### **II. APPLICABILITY**

It applies to all kinds of contracts, arrangements or transactions by the Company with Parties in which Director or senior management personnel are interested directly or indirectly through relatives, bodies corporate or trusts.

#### **III. DEFINITION**

- (1) Material transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher.

(2) “Related Party Transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and in which any Related Party (as defined below) had, has or will have a direct or indirect interest.

(3) A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

(4) A ‘related party’ is a person or entity that is related to the company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person’s family is related to a company if that person:

- a. is a related party under Section 2(76) of the Companies Act, 2013; or
- b. has control or joint control or significant influence over the company; or
- c. is a key management personnel of the company or of a parent of the company; or

2. An entity is related to a company if any of the following conditions applies:

- a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
- b. The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); or
- c. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
- d. Both entities are joint ventures of the same third party; or
- e. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
- f. The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

If the company is itself such a plan, the sponsoring employers are also related to the company; or

- g. The entity is controlled or jointly controlled by a person identified in (1).
- h. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity); or

**Explanation:** For the purpose of Clause 49(V) and Clause VII(B), the term “control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

#### IV. PROCEDURES

- A. All Related Party Transactions shall require prior approval of the Audit Committee.
- B. All material Related Party Transactions shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions.
- C. The Audit Committee of the Board of Director of the Company (the “Committee”) will review the relevant facts and circumstances of each Related Party Transaction, including if the transaction is on terms comparable to those that could be obtained in arm’s length dealings with an unrelated third party and the extent of the Related Party’s interest in the transaction, take into account the conflicts of interest and corporate opportunity and either approve or disapprove the Related Party Transaction.
- D. Any Related Party Transaction will be consummated and will continue only if the Committee has approved or ratified such transaction in accordance with the guidelines set forth in this Policy. If advance Committee approval of a Related Party Transaction requiring the Committee’s approval is not practicable, then the transaction may be preliminarily entered into by management subject to ratification of the transaction by the Committee at the Committee’s next regularly scheduled meeting; provided that if ratification will not be forthcoming, management will make all reasonable efforts to cancel or annul such transaction.

- E. Management will present to the Committee each proposed Related Party Transaction, including all relevant facts and circumstances and will update the Committee as to any material changes to any approved or ratified Related Party Transaction and will provide a status report at least annually at a regularly scheduled meeting of the Committee of all then current Related Party Transactions.
- F. The Committee can assess the materiality of a Related Party's interest in the transaction, rather than management or employees in their determination of whether a transaction falls under the policy.
- G. The Audit Committee shall consider all of the relevant facts and circumstances available to it, including the benefits to AIL and whether the Related Party Transaction is on terms and conditions comparable to those available in arms-length dealing with an unrelated third party that can provide comparable products or services. No member of the Audit Committee may participate in any review, consideration or approval of any Related Party Transaction with respect to which such member or any of his or her immediate family members, or an entity in which he or she is a partner, shareholder or executive officer, is the Related Person.
- H. The Audit Committee shall approve only those Related Party Transactions that are in, or are not inconsistent with, the best interests of AIL and its stockholders, as the Audit Committee determines in good faith. The Audit Committee shall convey its decision to the Compliance Officer, who shall then convey the decision to the appropriate persons within AIL.
- I. The Board of Directors, upon the approval of the Audit Committee, take note of the Related Party Transactions and all the Directors present at such meeting shall sign the Register of Contract in pursuance of requirement under Section 189 of the Companies Act, 2013.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel 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.

## **V. DISCLOSURE**

- 1. Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- 2. The Company strongly prefers to receive such notice of any Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.
- 3. All Related Party Transactions are to be disclosed in the Board's Report or in the Financial Statement as may be required by the Companies Act of 2013 and the SEBI Regulations and related rules. Furthermore, any material Related Party Transaction will be disclosed to the full Board of Directors.

## **VI. INTERPRETATION**

This Policy is intended to comply with the Companies Act, 2013 and the SEBI Regulations. Notwithstanding anything herein to the contrary, this Policy will be interpreted only in such a manner as to comply with Companies Act, 2013 and the SEBI Regulations. In the event that a Related Party Transaction would constitute a conflict of interest or a corporate opportunity under the Policy, the provisions of the Companies Act, 2013 and the SEBI Regulations will apply to such Related Party Transaction. Any such Related Party Transaction may not be approved hereunder unless it is also approved in accordance with the provisions of the Policy and disclosed to the public to the extent required by law.

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