

## **POLICY ON RELATED PARTY TRANSACTIONS**

### **1. Introduction**

Ford Credit India Private Limited (hereinafter referred to as the 'Company') is a subsidiary of Ford Motor Credit Company, Ford Motor Company's global financing subsidiary. The Company was incorporated under the Companies Act, 1956 and registered as a Non-Banking Finance Company with Reserve Bank of India.

The Board of Directors of the Company have adopted the following Policy on Related Party Transaction ("Policy") which envisages the procedure governing Related Party Transaction required to be followed by the Company to ensure compliance with the applicable laws and regulations. The policy may be amended from time to time and is subject to the approval of the Board of Directors of the Company.

### **2. Purpose**

The purpose of this Policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties and in the best interest of the Company and its stakeholders.

The policy is framed as per the applicable provisions of the Companies Act, 2013 ("Act") read with the rules framed thereunder and as amended from time to time. Further, as per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Non - Banking Financial Companies - Corporate Governance (Reserve Bank) Directions 2015, issued by the Reserve Bank of India:

- Details of all material transactions with related parties needs to be disclosed in the Annual Report and
- The Company shall disclose the Policy on dealing Related Party Transactions on its website and also in the Annual Report.

### **3. Applicability**

This policy has been approved by the Board of Directors with regard to contracts or arrangements between the Company and its related parties based on applicable laws and regulations.

The Audit Committee will periodically review this Policy and may recommend amendments to the Board from time to time as it deems appropriate. All related party transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this policy.

### **4. Definitions**

- "Annual Turnover" means turnover of the Company as reflected in the Audited Financial Statements of the immediately preceding Financial Year "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;
- "Associate" means an enterprise in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company and the term "Associate Company" shall be interpreted accordingly. For the purpose of this definition, "Significant Influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement.

- "Audit Committee" or "Committee" means Committee of Board of Directors of the Company constituted under provisions of the Act;
- "Board" means Board of Directors of the Company;
- "Company Secretary" means a person who is appointed by the Company to perform the functions of the Company Secretary under the Act;
- "Key Managerial Personnel" means –
  - The Chief Executive Officer or the Managing Director or the Manager;
  - The Company Secretary;
  - The Whole - Time Director(s);
  - The Chief Financial Officer;
  - Such other officer as may be prescribed under Section 2(51) of the Act;
- "Net Worth" means net worth of the Company computed in accordance with Section 2(57) of the Act based on the Audited Financial Statements of the preceding Financial Year;
- "Policy" means Related Party Transaction Policy;
- "Related Party" in relation to the Company means -
  - A Director or his Relative;
  - A Key Managerial Personnel or his Relative;
  - A firm, in which a Director, Manager or his Relative is a partner;
  - A private company in which a Director or Manager or his relatives is a member or director;
  - A public company in which a Director or Manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
  - A corporate whose board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager unless the advice, directions or instructions are given in a professional capacity;
  - Any person under whose advice, directions or instructions a Director or Manager is accustomed to act unless the advice, directions or instructions are given in a professional capacity;
  - Director or Key Managerial Personnel of the holding company or his relative with reference to a company;
  - Any other person that may be prescribed under the Act.
- "Related Party Transaction ("RPT")" means any transactions directly or indirectly with Related Parties and it also includes transactions as specified under clause (a) to (g) of sub-section (1) of Section 188 of the Act;
- "Relative" means relative as defined under Section 2(77) of the Act and includes anyone who is related to another in any of the following manner: -
  - They are members of a Hindu Undivided Family;
  - They are husband and wife;
  - Father (including step-father);
  - Mother (including step-mother);
  - Son (including step-son);
  - Son's wife;
  - Daughter;
  - Daughter's husband;
  - Brother (including step-brother); or
  - Sister (including step-sister)

Any other term not defined herein shall have the same meaning as defined in the Act and other applicable law.

## 5. Identification of Related Parties & Potential Related Parties Transactions

Each Director and Key Managerial Personnel of the Company is responsible for providing notice to the Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the Transaction that the Audit committee may reasonably request. The Audit Committee will determine whether the Transaction does in fact, constitute a Related Party Transaction requiring compliance with the Policy.

Every Director, Key Managerial Personnel and connected Related Parties shall at the beginning of the financial year disclose to the Company Secretary of the Company their Related Parties and disclose any changes thereto during the financial year as immediately as practicable.

## 6. Review & Approval of Related Parties Transactions

### Approval of Audit Committee

All RPT or any subsequent modifications to RPT of the Company with Related Parties shall require approval of the Audit Committee. The Audit Committee may grant omnibus approval for the related party transaction which are repetitive in nature and are in the ordinary course of business and are at arm's length, subject to compliance of the conditions set forth under the Act read with the rules made thereunder and other applicable law. The Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company.

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:

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

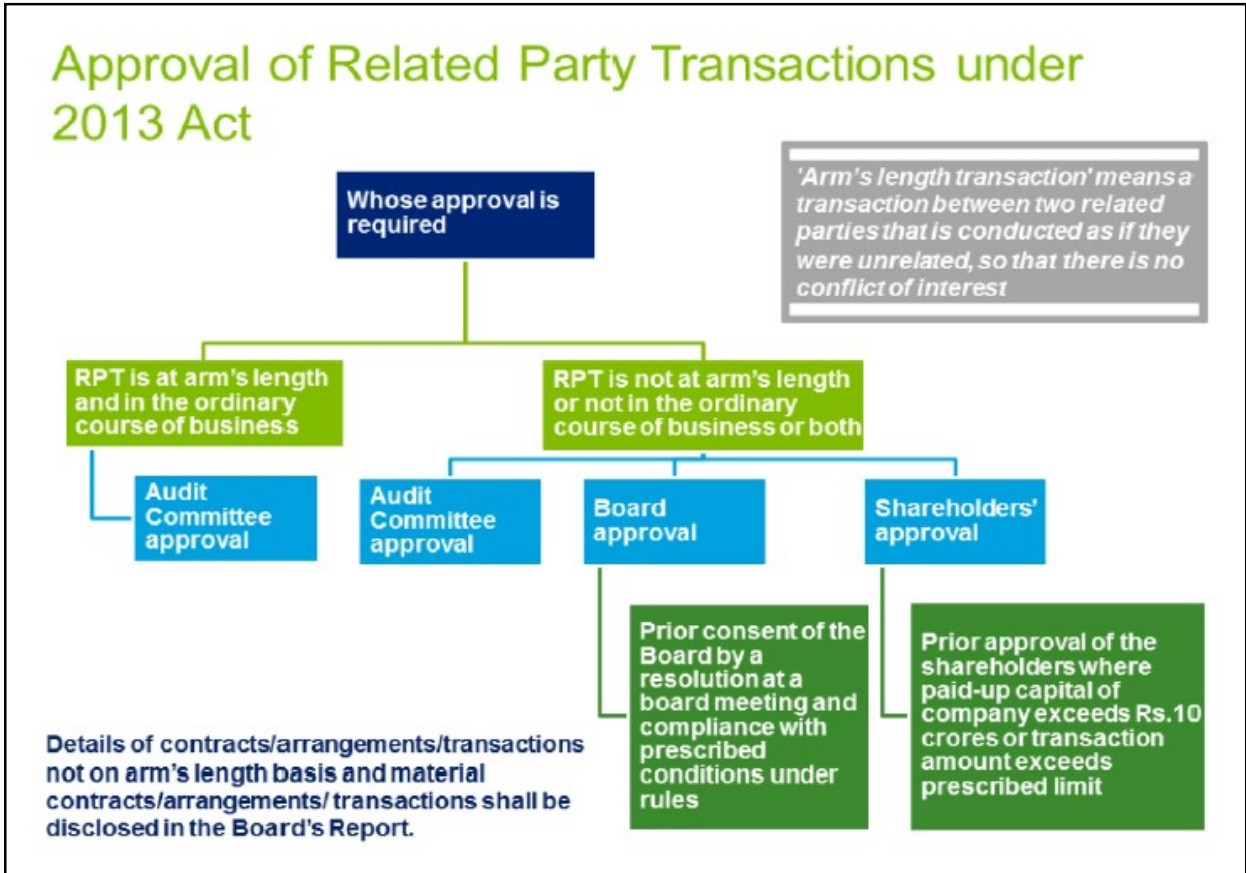
Any member of the Audit Committee who has a potential interest in any RPT will abstain from discussion and voting on the approval of the RPT. The Audit Committee shall review on yearly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval granted as stated above.

### Approval of Board of Directors

All transactions with related parties which are either not in the ordinary course of business or are not at Arm's Length shall require prior approval of the Board of Directors, in terms of Section 188 of the Act. In the above context, where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present during the discussions and vote on the subject matter of the resolution relating to such contract or arrangement.

## Approval of Shareholders

Transaction with related parties which are either not in the ordinary course of business or not on 'arm's length basis and exceeds the threshold under section 188 of the Act shall require prior approval of the shareholders through an ordinary resolution. An illustrative list of transactions are prescribed under the Act.



### 7. Related Party Transactions not approved under this policy

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

## 8. Indemnity

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Audit Committee/ Board or approval by a Special Resolution in the General Meeting under Sub Section (1) of Section 188 of the Companies Act, 2013 and if it is not ratified by the Board or, as the case may be, by the shareholders such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any Director, or is authorized by any other Director, the Company may demand that the Directors concerned shall indemnify the Company against any loss incurred by it.

## 9. Amendments

In the event of any conflict between the provision of this Policy and of the Companies Act, 2013 or any other statutory enactments, rules or any amendment thereof made vide notifications / circulars as may be published in Official Gazette of India from time to time, the provisions of such enactment or amendment shall prevail over this Policy and this policy shall automatically stand amended in accordance with any such statutory enactment or the amendments.

## 10. Implementation

This Policy shall be communicated to all Directors, Key Managerial Personnel and concerned persons of the Company and the same shall be effective immediately on approval by the Board of Directors.