



## **POLICY ON RELATED PARTY TRANSACTIONS**

## A) OVERVIEW

### 1. OBJECTIVE

This policy is framed as per requirements of Clause 49 of the Equity Listing Agreement entered by the Bank with the Stock Exchanges and intended to ensure that the dealings in Related Party Transactions meet proper reporting and approval norms as required by the statute.

The Audit Committee will review and may amend this policy from time to time.

### 2. DEFINITIONS

**"Annual Consolidated Turnover"** is defined as Total Income (i.e. Interest earned + Other Income) of the Consolidated Financial Statements of the Bank.

**"Audit Committee or Committee"** means Committee of Board of Directors of the Bank constituted under provisions of listing agreement with the stock exchanges.

**"Board"** means Board of Directors of the Bank.

**"Key Managerial Personnel"** includes –

- i. the Chief Executive Officer or the Managing Director or the Manager;
- ii. the Company Secretary;
- iii. the Whole-Time Director;
- iv. the Chief Financial Officer; and
- v. such other officer as may be prescribed under the Companies Act, 2013.

**"Material Related Party Transaction"** shall have the same meaning as defined under the listing agreement with the stock exchange.

**"Policy"** means dealing with Related Party Transaction policy.

**"Related Party"** means related party as defined under Section 2(76) of the Companies Act, 2013 and related party under the applicable accounting standards.

**"Related Party Transaction"** refers to any transaction involving any Related Party which is a transfer of resources, services or obligations between the Bank and a related party, regardless of whether a price is charged.

**"Relative"** means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if -

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

### 3. EFFECTIVE DATE

This policy is effective from 1<sup>st</sup> October 2014.

## B) POLICY

All Related Party Transactions must be referred to the Audit Committee for approval in accordance with this Policy.

### 1. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS

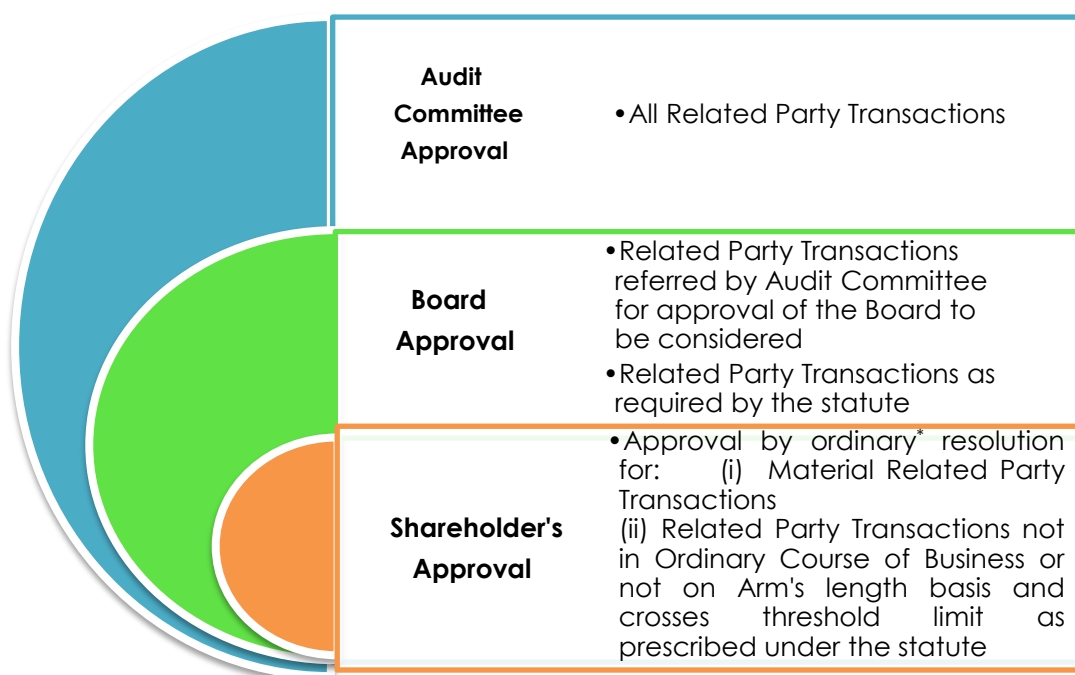
The Company Secretary keeps a database of Related Parties containing the names of individuals and Companies identified based on the definition of Related Party and declaration provided by the Directors, including any revisions therein, and intimates to the Management as soon the Company Secretary has been intimated of such changes in Related Party. The list of Related Party shall be updated whenever necessary and reviewed on a timely basis and would be communicated to the functional departments.

Each Director and Key Managerial Personnel is responsible for providing declaration to the Company Secretary of Related Party involving him or her or his or her Relative, including any additional information that the Company Secretary may reasonably request.

The functional departments shall submit to the head of Finance & Accounts and the Company Secretary, the details of proposed transaction (except those for which omnibus approval has been granted by the Audit Committee as explained subsequently) with draft agreement or other supporting documents justifying that the transactions are on arm's length basis at prevailing market rate. Based on such information, the Company Secretary will facilitate for the necessary approval from the Audit Committee.

### 2. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

All Material Related Party Transactions shall require approval of the shareholders through ordinary\* resolution and the Related Parties shall abstain from voting on such resolutions. The approval policy framework is given below:



\*approved by Board of Directors of the Bank, in its meeting held on 20<sup>th</sup> January, 2016.

Related Party Transactions will be referred to the Audit Committee for review and prior approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

In determining whether to approve, ratify, disapprove or reject a Related Party Transaction, the Audit Committee, shall take into account all the factors it deems appropriate.

### **3. GENERAL CRITERIA FOR APPROVAL OF RELATED PARTY TRANSACTIONS**

To review a Related Party Transaction, the Audit Committee is 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 Bank and to the Related Party, and any other relevant matters.

The information provided specifically covers the following:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;
- iv. any advance paid or received for the contract or arrangement, if any;
- v. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vi. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;
- vii. the persons/authority approving the transaction; and
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction.

### **4. MATERIAL RELATED PARTY TRANSACTIONS**

As defined under the Equity Listing Agreement means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten per-cent of the annual consolidated turnover of the Bank as per the last audited consolidated financial statements of the Bank.

### **5. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH**

The Audit Committee or the Board shall, in respect of the related party transactions referred to them for approval, shall after considering the materials placed before them; judge if the transaction is in the ordinary course of business or at arm's length basis.

### **6. OMNIBUS APPROVAL BY AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS PROPOSED TO BE ENTERED**

The Audit Committee grants omnibus approval for normal banking transactions in ordinary course of business with related parties, same being recurring in nature.

The Audit Committee would review on a quarterly basis the aforesaid Related Party Transactions entered into by the Bank pursuant to each of the omnibus approval given. Fresh approval of the Audit Committee would be obtained on an annual basis.

## **7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY**

In the event the Bank becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Bank would obtain prior approval from the Audit Committee.

In case the Bank is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Bank, including ratification, revision or termination of the Related Party Transaction. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

### **C) DISCLOSURE**

This Policy will be communicated to all operational employees and other concerned persons of the Bank and shall be placed on the website of the Bank at [www.axisbank.com](http://www.axisbank.com)