



## **POLICY ON RELATED PARTY TRANSACTIONS**

## A. OVERVIEW

### 1. OBJECTIVE

This Policy on Related Party Transactions ("**Policy**") of Axis Bank Limited (the "**Bank**") is framed as per the requirements of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and is intended to ensure that the dealings in Related Party Transactions meet proper approval and reporting norms as required under the applicable laws.

### 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 the Board of Directors of the Bank constituted under the provisions of SEBI Listing Regulations.

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

"**Key Managerial Personnel**" shall have the same meaning as defined under Section 2(51) of the Companies Act, 2013 and 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;
- v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi. such other officer as may be prescribed under the Companies Act, 2013.

"**Material Related Party Transaction**" shall have the same meaning as defined under Regulation 23 (1) of the SEBI Listing Regulations, which is as under:

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the Annual Consolidated Turnover of the Bank as per the last audited financial statements of the Bank.

Exception: A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the Annual Consolidated Turnover of the Bank as per the last audited financial statements of the Bank.

“**Related Party**” means related party as defined under Section 2(76) of the Companies Act, 2013, Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India and Regulation 2 (1)(zb) of SEBI Listing Regulations.

“**Related Party Transaction**” means transaction involving transfer of resources, services or obligations between the Bank and Related Party, regardless of whether a price is charged.

“**Relative**” means relative as defined under Section 2(77) of the Companies Act, 2013 and includes the following -

- i. Members of a Hindu Undivided Family;
- ii. Spouse
- 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 23<sup>rd</sup> January 2020.

## **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**

Each Director and Key Managerial Personnel is responsible for providing declaration to the Company Secretary on Related Parties involving him / her and his / her Relative, including any additional information that the Company Secretary may reasonably request. Further, the Director / Key Managerial Personnel shall intimate the Company Secretary as and when any changes are required to the Related Parties, as mentioned in the declaration.

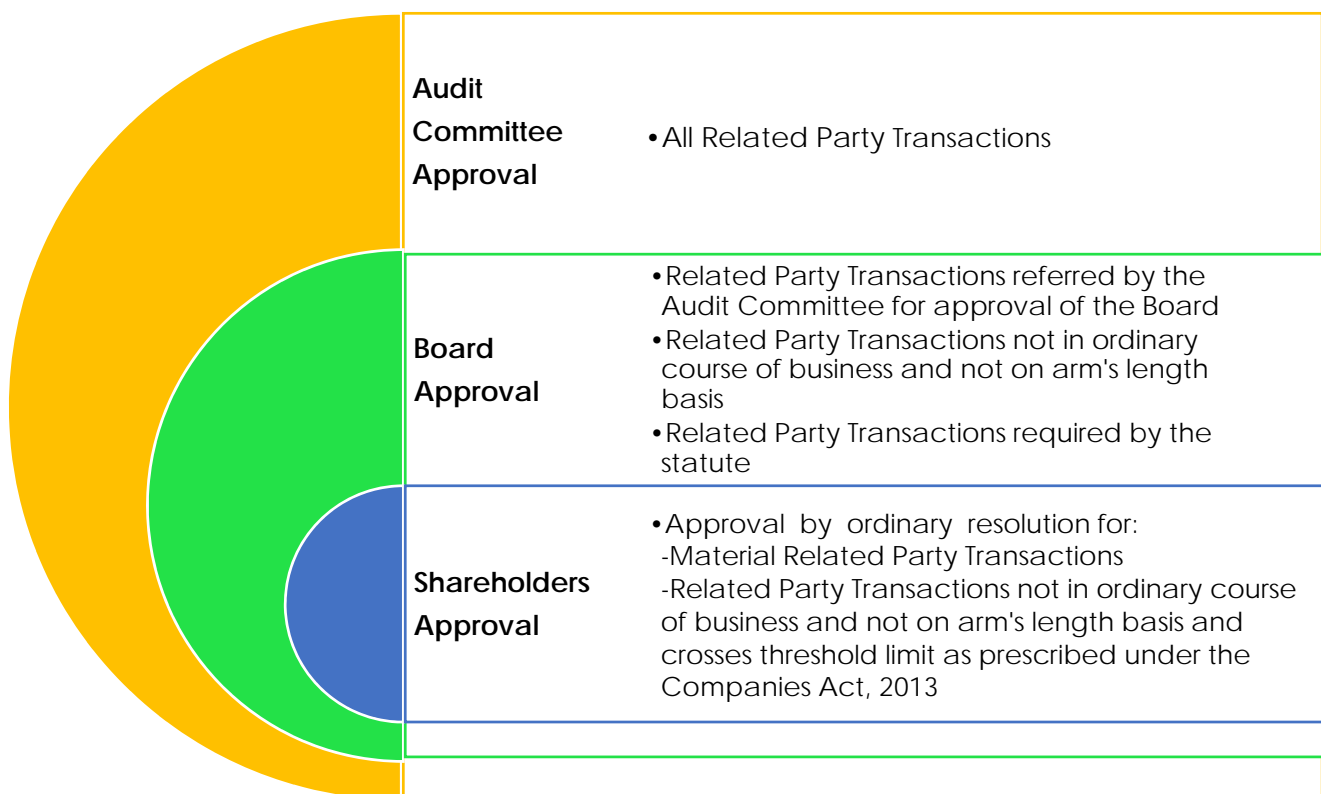
The Company Secretary shall maintain a database of Related Parties containing the names of individuals and companies identified based on the definition of Related Party and declaration provided by the Directors and Key Managerial Personnel.

The list of Related Parties shall be updated whenever necessary and reviewed on a timely basis and would be communicated to the functional departments.

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 of the Bank.

## 2. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Approval policy framework is given below:



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.

Related Party Transactions which are not in ordinary course of business and not on arm's length basis, shall require approval of the Board of Directors of the Bank, in addition to the approval of the Audit Committee.

The following Related Party Transactions shall require approval of the Shareholders of the Bank, in addition to the approval of the Audit Committee and the Board of Directors of the Bank:

- a) Related Party Transactions which are not in ordinary course of business and not on arm's length basis and which crosses threshold limit as prescribed under the Companies Act, 2013.
- b) Material Related Party Transactions

No Related Party shall vote to approve such resolutions at the general meeting, whether the entity is a Related Party to the particular transaction or not.

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

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

The information provided to the Committee may include 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. DECISION REGARDING TRANSACTION IN THE ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH**

In respect of the Related Party Transactions, the Audit Committee and the Board of Directors shall, after considering the documents and materials placed before them for approval, judge if the transaction is in the ordinary course of business or at arm's length basis.

The expression "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.

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

All Related Party Transactions shall require prior approval of the Audit Committee, unless specifically exempted under applicable laws.

However, the Audit Committee may grant omnibus approval for transactions which are in ordinary course of business of the Bank and recurring in nature.

Further, where the need for Related Party Transaction cannot be foreseen, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

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.

The omnibus approval shall be valid for a period of one year and fresh approval of the Audit Committee would be obtained after the expiry of one year.

## **6. 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 Audit Committee has authority to modify or waive any procedural requirements of this Policy, in compliance with applicable regulations.

## **C. REPORTING OF RELATED PARTY TRANSACTIONS**

Every contract or arrangement, approved by the Board/Shareholders under this Policy, shall be referred to in the Board's Report to the Shareholders along with the justification for entering into such contract or arrangement.

The details of material related party transactions will be included in the Corporate Governance Reports which are required to be submitted to the Stock Exchanges on a quarterly basis.

The details of materially significant related party transactions that may have potential conflict with the interests of Bank, to be included in the Corporate Governance Report which forms part of the Annual Report.

The details of related party transactions on a consolidated basis would be submitted to the stock exchanges and published on the Bank's website on a half-yearly basis, within 30 days from the publication of the Bank's financial results.

#### **D. REVIEW OF POLICY**

The Policy shall be reviewed at least once a year or pursuant to any regulatory amendment or for any reason as deemed appropriate by the Audit Committee and the Board of the Bank.

#### **E. DISCLOSURE**

This Policy will be communicated to all 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).