



Bandhan
Bank

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

Last amended on February 19, 2022

1. PREAMBLE

- 1.1 The Board of Directors (the “**Board**”) of Bandhan Bank Limited (the “**Bank**”) has adopted the Policy on Dealing with Related Party Transactions (“**Policy**”) upon the recommendation of the Audit Committee and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions, in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013 (the ‘**Companies Act**’) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the ‘**SEBI LODR**’). Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.
- 1.2 This Policy applies to transactions between the Bank and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. OBJECTIVE

- 2.1 This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Bank and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.
- 2.2 The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Bank and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS

- 3.1. “**Audit Committee**” or “**Committee**” means the Committee of the Board constituted from time to time under the provisions of Section 177 of the Companies Act and Regulation 18 of SEBI LODR.
- 3.2. “**Board**” means the Board of Directors as defined under Section 2(10) of the Companies Act.

- 3.3. **“Key Managerial Personnel”** means Key Managerial Personnel as defined under Section 2(51) of the Companies Act.
- 3.4. **“Material Related Party Transaction”** means a Transaction with a Related Party to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten per cent of the annual consolidated turnover of the Bank as per the last audited financial statements of the Bank, whichever is lower.
- Further, 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.
- 3.4.A. **“Material Modifications”** in relation to a Related Party Transaction(s) already approved by the Audit Committee or a Material Related Party Transaction(s) already approved by the Shareholders, means any modification or variation in such transaction having impact on the total value of such transaction by more than 10% of the limit sanctioned by the Audit Committee or Shareholders, as the case may be.
- 3.5. **“Promoter”** and **“Promoter Group”** shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- 3.6. **“Related Party”** means a related party as defined under Section 2(76) of the Companies Act, read with allied Rules, Regulation 2(zb) of the SEBI LODR, and under the applicable accounting standards, as amended from time to time.

(A) As per Companies Act, 2013

Section 2(76) of the Companies Act defines “related party”, which with reference to a company, means –

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) 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;

- (vi) any body 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;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) any body corporate which is –
 - (A) a holding, subsidiary or an associate company of such company;
 - (B) a subsidiary of a holding company to which it is also a subsidiary; or
 - (C) an investing company or the venturer of the company;

Explanation – For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

- (ix) such other person as may be prescribed;

Further, the Companies (Specification of Definition details) Rules, 2014, prescribes that a director other than an independent director or key managerial personnel of the holding company or his relative with reference to a company shall also be deemed to be a related party.

As per sub section (77) of Section 2 of the Companies Act, “relative” with reference to any person, means anyone who is related to another, if –

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed.

As per rule 4 of the Companies (Specification of Definitions Details) Rules, 2014, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- (i) Father (Provided that the term “Father” includes step-father).
- (ii) Mother (Provided that the term “Mother” includes the step-mother).
- (iii) Son (Provided that the term “Son” includes the step-son).
- (iv) Son’s wife.
- (v) Daughter.

- (vi) Daughter's husband.
- (vii) Brother (Provided that the term "Brother" includes the step-brother);
- (viii) Sister (Provided that the term "Sister" includes the step-sister).

(B) As Per SEBI LODR:

Regulation 2(1)(zb) of SEBI LODR defines the term "related party" as follows:

A related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that following shall be deemed to be a related party:

- (a) any person or entity forming a part of the promoter or promoter group of the Bank; or
- (b) any person or any entity, holding equity shares of twenty per cent or more; or of ten per cent or more (with effect from April 1, 2023) in the Bank, either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time during the immediate preceding financial year.

(C) As per Accounting Standard 18 (AS-18) Issued by the Institute of Chartered Accountants of India:

Para 10.1 of the AS -18 defines "related party" where parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Further, AS 18 applies to the following related party relationships:

- (a) enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
- (b) associates and joint ventures of the reporting enterprise and the investing party or venturer in respect of which the reporting enterprise is an associate or a joint venture;
- (c) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual;
- (d) key management personnel and relatives of such personnel; and

- (e) enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

AS 18 defines 'Control' and 'Significant Influence' as follows:

Control - (a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or (c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Significant influence - participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.

3.7. **"Related Party Transaction"** means a transaction involving a transfer of resources, services or obligations between:

- (i) the Bank or any of its subsidiaries on one hand and a related party of the Bank or any of its subsidiaries on the other hand; or
- (ii) the Bank or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Bank or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the Bank which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.
- (c) acceptance of fixed deposits by the Bank at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the

disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the SEBI.

Provided further that the provisions with regard subsidiaries do not apply to the Bank, since the Bank does not have any subsidiaries currently.

- 3.8. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions.
- 3.9. **“Arm’s length transaction”**:- Explanation to sub-section (1) of Section 188 of the Companies Act defines 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.
- 3.10. The terms **Director, Chief Financial Officer, Company Secretary or any other terms which is not defined here**, shall have the same meaning as assigned under the Companies Act, the SEBI LODR or such other laws, rules, regulations, guidelines, etc., as may be applicable from time to time.

4. APPROVALS REQUIRED FOR RELATED PARTY TRANSACTIONS

4.1 Board and Shareholders’ approval:

4.1.1 As per the provisions of Section 188 of the Companies Act, for the following contracts and arrangements with a related party, approval of Board is required and if the transaction is over and above the threshold limits provided under the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, the prior approval of the members of the Bank by way of a resolution would be required:

- a) sale, purchase or supply of any goods or materials;
- b) selling or otherwise disposing of, or buying, property of any kind;
- c) leasing of property of any kind;
- d) availing or rendering of any services;
- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the Bank, its subsidiary company or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the Bank.

Provided that no member of the Bank shall vote on such resolution, to approve any contract or arrangement, which may be entered into by the Bank, if such member is a related party in the context of such contact or arrangement.

Provided further that nothing in para 4.1.1 shall apply to any transactions entered into by the Bank in its ordinary course of business other than transactions, which are not on an arm's length basis.

4.1.2 Transactions covered under Section 188 of the Companies Act and the nature of approval required for such transactions are as given below:

Board Approval	Shareholders' Approval
any contract or arrangement with a related party with respect to -	any contract or arrangement with a related party with respect to -
sale, purchase or supply of any goods or materials [u/s 188(1)(a)]	sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten per cent or more of the turnover of the Bank, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act.
selling or otherwise disposing of, or buying, property of any kind [u/s 188(1)(b)]	selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten per cent or more of the net worth of the Bank, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act.
leasing of property of any kind [u/s 188(1)(c)]	leasing of property of any kind amounting to ten per cent or more of the turnover of the Bank as mentioned in clause (c) of sub-section (1) of section 188 of the Companies Act.
availing or rendering of any services [u/s 188(1)(d)]	availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Bank as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of the Companies Act.
appointment of any agent for purchase or sale of goods, materials, services or Property [u/s 188(1)(e)]	Sale, purchase or supply of any goods or material through appointment of agent, amounting to ten per cent or more of the turnover of the Bank. Availing or rendering of any services, through appointment of agent, amounting to ten percent or more of the turnover of the Bank.

Board Approval	Shareholders' Approval
any contract or arrangement with a related party with respect to -	any contract or arrangement with a related party with respect to -
	Selling or otherwise disposing of or buying property of any kind, through appointment of agent, amounting to ten per cent or more of the net worth of the Bank.
	Explanation.- The limits specified in the aforesaid transactions {as per 188(1)(a) to (e)} shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
Such related party's appointment to any office or place of profit in the Bank, its subsidiary company or associate company [u/s 188(1)(f)]	Appointment to any office or place of profit in the Bank, its subsidiary Company or associate Company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of subsection (1) of section 188 of the Companies Act.
underwriting the subscription of any securities or derivatives thereof, of the Bank [u/s 188(1)(g)]	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Bank exceeding one per cent. of the net worth as mentioned in clause (g) of sub-section (1) of section 188 of the Companies Act.

The expression “**office or place of profit**” as referred above, means any office or place:

- (i) where such office or place is held by a director, if the director holding it receives from the Bank anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Bank anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the Bank of the preceding financial year.

Provided that no Board resolution sanctioning related party transactions, which are not in the ordinary course of business or which are not on arm's length basis shall be passed by way of circulation.

4.1.3 As per the provisions of Regulation 23(4) of the SEBI LODR, all Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and all entities falling under the definition of related parties shall not vote to approve such resolution irrespective of whether the entity is a party to the particular transaction or not.

4.2 Audit Committee Approval

4.2.1 All related party transactions or any subsequent modifications including material modifications thereof shall require prior approval of the Audit Committee of the Bank. The Audit Committee shall be provided with the information as provided in Para A of Annexure 1 to this Policy or as may be prescribed under the applicable laws.

Provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions.

4.2.2 The Audit Committee shall also review the status of long-term (more than one year) or recurring related party transactions on an annual basis.

4.2.3 However, the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Bank subject to the following conditions, namely: -

- (a) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include the following, namely:
- maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year
 - the maximum value per transaction which can be allowed
 - extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval
 - review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Bank pursuant to each of the omnibus approval made
 - Transactions, which cannot be subject to the omnibus approval by the Audit Committee.

- (b) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
- repetitiveness of the transactions (in past or in future)
 - justification for the need of omnibus approval.
- (c) The Audit Committee shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
- (d) The proposal for omnibus approval shall contain or indicate the following: -
- name of the related parties;
 - nature and duration of the transaction;
 - maximum amount of transaction that can be entered into;
 - the indicative base price or current contracted price and the formula for variation in the price, if any; and
 - any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:
- (e) Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.
- (f) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.

The term '**undertaking**' as defined under the section 180(1)(a) of the Companies Act shall mean an undertaking in which the investment of the Bank exceeds twenty per cent. of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the Bank during the previous financial year;

- (g) Any other conditions as the Audit Committee may deem fit.

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

- (h) The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Bank pursuant to each of the omnibus approvals given.

5. POLICY

5.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

5.1.1 Every Director and Key Managerial Personnel shall be responsible for providing the following information to the Company Secretary on an annual basis or whenever there is any change to the annual declaration:

- a) Names of his / her Relatives;
- b) Partnership firms in which he / she or his / her Relative is a partner;
- c) Private Companies in which he / she or his / her relative is a member or Director;
- d) Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
- e) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of director or manager;
- f) Persons on whose advice, directions or instructions, the director or manager is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity); and
- g) Any other information, as may be prescribed under the applicable laws.

5.1.2 Every Director and the Key Managerial Personnel shall also be responsible to provide updated information to the Company Secretary of the Bank of any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes.

5.1.3 The Company Secretary shall be responsible to maintain an updated database of information pertaining to list of related parties reflecting details of –

- a) All Directors and Key Managerial Personnel and their relatives;
- b) All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
- c) The Bank's holding companies, subsidiary companies and associate companies;
- d) Subsidiaries of holding company of the Bank;
- e) Director (other than an independent director) or Key Managerial Personnel of the holding company or their Relatives;
- f) All the Group entities of the Bank; and
- g) Any other entity which is a Related Party as defined under Section 2(76) of the Companies Act or the relevant Accounting Standard or SEBI (Listing

Obligations and Disclosure Requirements) regulations, 2015 or RBI guidelines.

5.1.4 The database shall be updated whenever necessary and shall be reviewed at least once in a year jointly by the Company Secretary and Chief Financial Officer and whenever any change of such information is submitted to the Company Secretary.

5.1.5 Every Director, Key Managerial Personnel, shall be responsible for providing prior Notice to the Company Secretary of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Committee may request, for being placed before the Audit Committee and the Board.

5.1.6 The suggested details and list of documents/information which are required to be provided along with the Notice of the proposed transaction to the Audit Committee / Board of Directors / Shareholders are provided in **Annexure - 1** to this Policy.

5.1.7 The Company Secretary in consultation with the Chief Financial Officer may refer any potential related party transaction to any external legal expert and the outcome or opinion of such exercise shall be brought to the notice of the Audit Committee. The Company Secretary along with Chief Financial Officer will take it up for necessary approvals under this Policy and Company Secretary shall maintain the database of such transactions and approvals.

5.2 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction shall not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

5.2.1 CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the Audit Committee shall take into account all relevant facts and circumstances 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.

Prior to the approval, the Audit Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the business of the Bank and are on an arm's length basis;
- b. The business reasons for the Bank to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Bank, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, 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 Audit Committee may deem relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

5.2.2 APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE

In the event the Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Audit Committee by way of resolution by circulation (subject to prior approval of the Chairman of the Audit Committee) in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be noted by the Audit Committee at its next meeting.

5.2.3 APPROVAL BY THE BOARD

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case consider to review any such matter or

it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at meeting and 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.

5.2.4 OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Bank, the Audit Committee may grant omnibus approval. While granting the approval the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Bank. The omnibus approval shall specify the following and shall be guided by para 4.2.3 of this Policy:

- a. Name of the related party
- b. Nature of the transaction
- c. Period of the transaction
- d. Maximum amount of the transactions that can be entered into
- e. Indicative base price / current contracted price and formula for variation in price, if any
- f. any other information relevant or important for the Audit Committee to take a decision on the proposed transaction
- g. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed pre-approved and may not require any further approval of the Audit Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments / material modifications to these factors shall require a prior approval of the Audit Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, Audit Committee may grant omnibus approval subject to the value per transaction not exceeding Rs.1,00,00,000/- (Rupees One Crore only). The details of such transaction shall be reported to the Audit Committee for review on quarterly basis. Further, the Audit Committee shall review at least on quarterly basis the details of related party transactions entered into by the Bank pursuant to each of the omnibus approvals given and assess such transactions including the limits to ensure that they are in compliance with this Policy. The omnibus approval shall be valid for a period of one financial year and fresh approval shall be obtained after the expiry of one financial year.

5.2.5 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS AND SUBSEQUENT MATERIAL MODIFICATIONS THEREOF

All Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through resolution and all entities falling under the definition of related parties shall not vote to approve such resolution irrespective of whether the entity is a party to the particular transaction or not, as mentioned under para 4.1.3 of this Policy.

5.2.6 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS AND/OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act and para 4.1.2 of this Policy, which are not in the Ordinary Course of Business or not at Arm's Length shall also require the prior approval of the shareholders through resolution and no member shall vote to approve such resolution, if such member is a related party in the context of such transaction.

ORDINARY COURSE OF BUSINESS

The following factors may be considered while deciding a Related Party Transactions is in the ordinary course of business or not:

- a. Whether the activity is covered in the objects clause of the Memorandum of Association.
- b. Whether the activity is in furtherance of the business.
- c. Whether the activity is normal or otherwise routine for the particular business (i.e. activities like advertising, staff training, etc.)
- d. Whether the activity is repetitive/frequent.
- e. Whether the income, if any, earned from such activity/transaction is treated as business income in the company's books of account.
- f. Whether the transactions are common in the particular industry.
- g. Whether there is any historical practice to conduct such activities.
- h. The financial scale of the activity with regard to the operations of the business.
- i. Revenue generated by the activity.
- j. Resources committed to the activity.

The above list is indicative and not exhaustive.

5.2.7 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Bank becomes aware of a Related Party Transaction that has not been approved or ratified, such transaction shall be placed as promptly as practicable before the Audit Committee or Board or the Shareholders, as may be required. The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances in respect of such transaction and shall evaluate all options available to the Bank, including but not limited to ratification, revision, or termination of such transaction, and the Bank shall take such action as the Committee or the Board deems appropriate under the circumstances.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting required under Section 188(1) of the Companies Act other than Material Related Party Transaction, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

5.3 DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS

5.3.1 Every material Related Party Transaction entered into by the Bank shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction. Further, the report of the Board shall contain the particulars of contracts or arrangements with related parties as prescribed under Section 188(1) of the Companies Act in Form AOC-2, if any. The Board shall review disclosure of related party transactions. The Company Secretary and the Chief Financial Officer shall be responsible for such disclosure.

5.3.2 The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act.

5.3.3 The related party transactions along with the list of related parties will be shown in the notes to account of the financial statement as required in the prescribed format in compliance with AS-18 and RBI Master Direction No.: RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021, as may be updated from time to time.

5.3.4 Details of all material transactions with related parties shall be disclosed along with quarterly compliance report on corporate governance in the format as specified in the SEBI LODR, from time to time, to the recognized stock exchange(s) within twenty one days from close of the quarter.

5.3.5 Additionally, every six months, within 15 days from the date of publication of its standalone and consolidated financial results, the Bank shall submit to the stock exchanges, disclosures of related party transactions in the format as specified by SEBI, from time to time, and publish the same on its website.

Provided that the Bank shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

6. SCOPE LIMITATION

6.1 In the event of any conflict between the provisions of this Policy and of the Companies Act or SEBI LODR or any other statutory enactments or rules applicable for the time being in force, the provisions of Companies Act or SEBI LODR or statutory enactments or rules shall prevail over this Policy.

7. DISSEMINATION OF POLICY

7.1 Either this Policy or the important provisions of this Policy shall be disseminated to all functional and operational employees and other concerned persons of the Bank. This Policy shall be hosted on the website of the Bank and web link thereto shall be provided in the annual report of the Bank.

8. REVIEW OF THIS POLICY

8.1 The Policy shall be reviewed by the Audit Committee who shall recommend it to the Board of Directors of the Bank at least once in a year, to align the same with the changes to the regulatory / statutory provisions or as may be deemed appropriate by the Audit Committee and Board considering the business requirements. In case there is any statutory / regulatory amendments having implication on this Policy, the approval of the Board would be sought in the next opportune time, however, in the interim such statutory / regulatory amendments would prevail over the provisions of this Policy.

ANNEXURE- 1

A. Information to be provided to the Audit Committee / Board in relation to the proposed Related Party Transaction (to the extent relevant to the transaction):

1. Name of the Related Party and nature of relationship with the Bank, including nature of its concern or interest (financial or otherwise);
2. Nature and duration of the contract/transaction and particulars thereof;
3. Material terms of the contract or arrangement or transaction including the value, if any;
4. In case of existing or approved contracts, transactions, details of proposed variations to the duration, current price / value and / or material terms of the contract or arrangement including a justification to the proposed variations;
5. Any advance paid / received or to be paid / received for the contract or arrangement, if any;
6. Manner of determining the pricing and other commercial terms, whether or not included as part of contract;
7. The percentage of the Bank's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a related party transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
8. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Bank or its subsidiary:
 - i. details of the source of funds in connection with the proposed transaction;
 - ii. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the related party transaction.
9. Justification as to why the RPT is in the interest of the listed entity;
10. A copy of the valuation or other external party report, if any such report has been relied upon;
11. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis; and
12. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.

B. Information to be provided to the Shareholders in relation to the proposed Related Party Transaction:

The explanatory statement to be annexed to the notice being sent to the shareholders seeking approval for any proposed related party transaction shall include the following information-

1. name of the related party;
2. name of the director or key managerial personnel who is related, if any;
3. nature of relationship;
4. nature, material terms, monetary value and particulars of the contract or arrangements;
5. A summary of the information provided by the management of the Bank to the audit committee;
6. Justification for why the proposed transaction is in the interest of the Bank;
7. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Bank or its subsidiary, the following details to be provided:
 - i. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness; and
 - tenure;
 - ii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the related party transaction.
8. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
9. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis.