



## RELATED PARTY TRANSACTION POLICY

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## (1) BACKGROUND

The Companies Act, 2013 ('Companies Act' or 'the Act') has introduced Sections 177 and 188, which contain provisions regarding related party transactions. Similarly, SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015 provides for disclosures and approvals with respect to Material Related Party Transactions. These sections, along with the relevant Rules framed under the Companies Act and SEBI Regulations have introduced certain compliance and approval requirements regarding the related party transactions. This Policy applies to transactions between the Bank and one or more of its Related Parties in order to ensure transparency and fairness to such transaction. It provides a framework for governance and reporting of Related Party Transactions.

Accordingly, the Board of Directors (the Board) of ESAF Small Finance Bank Limited (the Bank) has adopted the following policy with regard to related party transactions. The Audit Committee of the Bank will review this policy from time to time and recommend modifications, if any, to the Board for approval.

## (2) OBJECTIVES

The objective of this Policy is to (a) ensure that transactions between the Bank and its related parties are based on principles of transparency and arm's length pricing (b) preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties (c) the manner of dealing with the transactions between the Bank and its related parties based on the Companies Act, 2013 and any other laws and regulations as may be applicable to the Bank and (d) to determine the appropriateness of the disclosures to be made.

## (3) DEFINITIONS

- (i) "**Associate Company**" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.
  - The expression "significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement;
  - The expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
- (ii) "**Audit Committee**" the committee of Board of Directors of the Bank constituted under provisions of Regulation 18 of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 177 of the Companies Act, 2013 and Corporate Governance Guideline of RBI.

(iii) **“Key Managerial Personnel”** shall have the same meaning as defined in Companies Act, 2013 and such other persons as may be designated by the Board which is specified in the standard operating procedure.

(iv) **“Material Transaction(s)”** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the threshold specified in Schedule XII of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Annexure I).

Notwithstanding the above, 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.

A. **“Material Modification”** means any variation in the terms and conditions of any ongoing Related Party Transaction as originally approved by the Audit Committee and/or Board and/or Shareholders, having a significant impact on the nature, value, tenure, exposure or financial impact of such a transaction. It is clarified that significant impact on the value/financial impact means a variation of 20% from the approved or estimated value of the transaction.

(v) **“Ordinary Course of Business”** includes but not limited to a term for activities that are necessary, normal, and incidental to the business. These are common practices and customs of commercial transactions. The ordinary course of business covers the usual transactions, customs and practices related to the business.

The following factors are indicative of a transaction being in the ordinary course of business:

- i. The transaction is normal or otherwise unremarkable for the business.
- ii. The transaction is frequent/regular.
- iii. The transaction is a source of income for the business.
- iv. Transactions that are part of the standard industry practice, even though the Bank may not have done it in the past.

(vi) **“Related Party”** with reference to the Bank means:

- (a) a director or his relative;
- (b) key managerial personnel (KMP) or his relative;
- (c) a firm, in which a director, manager or his relative is a partner;
- (d) a private company in which a director or manager or his relative is a member or director;

- (e) 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;
- (f) 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;
- (g) 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;

- (h) any company which is: -
  - (i) a holding, subsidiary or an associate company of such company; or
  - (ii) a subsidiary of a holding company to which it is also a subsidiary; or
  - (iii) an investing company or the venture of the company.
- (i) (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:
    - (i) of twenty per cent or more; or
    - (ii) 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;
    - shall be deemed to be a related party.

**(vii) “Related Party Transaction”** means a transfer of resources, services or obligations between

- (i) the Bank on one hand and a related party of the Bank on the other hand; or
- (ii) the Bank, 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.

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:

- (viii) **“Relative”** with respect to a Director or KMP shall mean:
  - (a) They are members of a Hindu Undivided Family
  - (b) Husband/Wife
  - (c) Father (including step father)
  - (d) Mother (including step mother)

- (e) Son
  - (f) Daughter
  - (g) Son's wife
  - (h) Daughter's Husband
  - (i) Brother (including step brother)
  - (j) Sister (including step sister)
- (ix) **"Total Share Capital"** means the aggregate of the paid-up equity share capital and convertible preference share capital.
- (x) **"Total Voting Power"** in relation to any matter, means the total number of votes which may be cast in regard to that matter on a poll at a meeting of a company if all the members thereof or their proxies having a right to vote on that matter are present at the meeting and cast their votes.
- (xi) **"Turnover"** has been defined as the gross amount of revenue recognized in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a Company during a financial year. Accordingly, for the Bank, the 'turnover' is considered as the 'Total Income', i.e., total of interest income and other income.
- (xii) **"Subsidiary Company"** or **"Subsidiary"**, in relation to any other company (that is to say the holding company), means a company in which the holding company:
- (i) controls the composition of the Board of Directors; or
  - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation. For the purposes of this clause:

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company.
- (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression "company" includes any Body Corporate;
- (d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

(xiii) **‘RPT Industry Standards’** shall mean Industry standards on “Minimum information to be provided to the Audit Committee and Shareholders (as applicable) for review and approval of Related Party Transaction dated June 26, 2025, issued by ASSOCHAM, CII and FICCI and are structured as under:

**Part A:** This Part of the Standard captures the minimum information of the proposed RPT and is applicable to all RPTs.

**PART B:** This Part is applicable only if a specific type of RPT is proposed to be undertaken and is in addition to PART A.

**PART C:** This Part is applicable only if a specific type of RPT proposed to be undertaken is a Material RPT as defined under Regulation 23(1) & (1A) of the LODR Regulations (“Material RPTs”); and is in addition to Part A and Part B with respect to such RPT.

(xiv) **Specified RPTs** shall mean

- Sale, purchase or supply of goods or services or any other similar business transaction and trade advances
- Loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary
- Investment made by the listed entity or its subsidiary
- Guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee) , surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.
- Borrowings by the listed entity or its subsidiary
- Sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate.
- Transactions relating to payment of royalty

(xv) Any words/expressions contained within the Policy and not defined hereby shall have the same meaning as provided in the Companies Act, 2013 and rules made thereunder.

#### (4) APPLICABILITY FOR THE BANK

This policy is applicable for all transactions by the Bank with its related parties including the transactions as specified in Section 188 of the Companies Act, 2013 and related party transactions as defined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### (5) ARM’S LENGTH TRANSACTION

In terms of the Companies Act, 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.

A transaction with a related party will be considered to be on arm's length basis if the key terms, including pricing of the transaction, taken as a whole, are comparable with those of similar transactions if they would have been undertaken with unrelated parties.

The Bank shall be entering into transactions with its related parties only if such transactions are at arm's length basis.

## **(6) IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

Each Director and Key Managerial Person of the Bank is responsible for providing notice to the Board of any potential related party transactions involving him/her including any additional information about the transaction as the Board may desire. They shall also inform any changes in the above relationships, directorships, holdings, interests and / or controls immediately on him / her becoming aware of such changes. The Directors shall provide notice in advance to the Board on related party transactions. The Secretarial Department needs to inform any change in the Related Party List to Functional teams of the Bank to identify the Related Party Transactions.

The Company Secretary and/ or Secretarial Department shall prepare and maintain the database of Related Parties on the basis of aforesaid information/ declaration including any revisions therein. The aforesaid database shall be circulated to all the Department Heads of the Bank on a quarterly basis or whenever there is a change in the database.

All functional departments shall obtain prior clearance of the Secretarial and Finance Department before entering into any transaction with related parties.

Internal auditors shall verify the process of ascertaining the Related Parties as well as their classification regarding whether they are on arm's length basis prior to submitting the proposal to the Audit Committee of the Board and their correct recording /listing in register of Contracts/arrangements etc. as per the Section 189 of the Companies Act, 2013 and Rules thereof.

The Secretarial and Finance Department shall ensure that appropriate disclosures are made by the Bank.

## **(7) APPROVAL OF RELATED PARTY TRANSACTIONS**

Heads of functional departments shall submit a note with the details of proposed transactions with related parties to the Company Secretary and Chief Financial Officer with adequate details and copies of draft agreement/ terms sheet etc., justifying that the transactions are on arm's length basis. The Company Secretary shall do the needful for taking the proposal to the Audit Committee for prior approval and/ or other required approvals.

## A. Audit Committee

All the transactions, including subsequent material modifications, which are identified as related party transactions at arm's length should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.

Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

Any member of the Committee who has a potential interest in any related party transaction will recuse himself and abstain from discussion and voting on the approval of the related party transaction.

The Audit Committee while recommending any proposal for transactions with related parties, shall confirm that the proposal is at arm's length basis.

### **Omnibus approval by the Audit Committee for Related Party Transactions proposed to be entered**

The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to certain criteria/conditions as required under Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Companies (Meetings of Board and its Powers) Rules, 2014 and such other conditions as it may consider necessary in line with this policy and in the interest of the Bank. Such omnibus approval shall be valid for a maximum period of one financial year.

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: -

- (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
- (b) the maximum value per transaction which can be allowed;
- (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
- (d) 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;
- (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

- (a) repetitiveness of the transactions (in past or in future);
- (b) justification for the need of omnibus approval.

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 Bank. The omnibus approval shall contain or indicate the following: -

- (a) name of the related parties;
- (b) nature and duration of the transaction;
- (c) maximum amount of transaction that can be entered into;
- (d) the indicative base price or current contracted price and the formula for variation in the price, if any;
- (e) Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Provided that where the need of 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.

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. Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Bank pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

Provided further that in case of transaction, other than transactions referred to in Section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the Bank without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the Bank against any loss incurred by it.

The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on a quarterly basis.

The Audit Committee/the Board shall, in respect of the RPTs referred to them for approval, after considering the information/ documents placed before them; judge if the transaction is in the ordinary course of business and on an arm's length basis. If both the conditions are not satisfied, such related party transactions shall be referred to the Board/Shareholders for approval. The Audit Committee/ the Board may seek views of professionals/ specialists (on a need basis) for analysing the appropriateness of the transactions from 'ordinary course of business' and 'arm's length' perspective.

## **B. Board of Directors**

In case any material transactions, including modifications if any, with related parties or the below specified transactions with related parties, if recommended by the Audit Committee to the Board for its approval due to the transaction being not in the ordinary course of business, the Board shall consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related transaction shall abstain from discussion and voting on the approval of the related party transaction:

- Sale, purchase or supply of any goods or materials.
- Selling or otherwise disposing of, or buying, property of any kind.
- Leasing of property of any kind.
- Availing or rendering of any services.
- Appointment of any agent for purchase or sale of goods, materials, services or property.
- Related party's appointment to any office or place of profit in the Bank, its subsidiary company or associate company, and
- Underwriting the subscription of any securities or derivatives thereof, of the Bank.

## **C. Shareholders**

If a related party transaction is not in the ordinary course of business which a) exceeds the thresholds as given below or such other limits prescribed under the Companies Act, 2013 from time to time or b) is a material related party transaction, including subsequent material modification, it shall require shareholders' approval by a resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time. Further, in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

**Threshold Limit for Shareholders Approval for Transactions other than Material Transactions**

<b>Sl No</b>	<b>Type of Transaction</b>	<b>Limits</b>
1	Sale, purchase or supply of any goods or materials directly or through appointment of agents (or)	Transactions amounting to 10% or more of the Turnover of the Bank.
2	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents (or)	Transactions amounting to 10% or more of the Net worth of the Bank.
3	Leasing of property of any kind (or)	Transactions amounting to 10% or more of the Turnover of the Bank.
4	Availing or rendering of any services directly or through appointment of agents (or)	Transactions amounting to 10% or more of the Turnover of the Bank.
5	Appointment to any office or place of profit in the company, its subsidiary company or associate company (or)	Monthly Remuneration Exceeding Rs. 2.5 lakhs.
6	Remuneration for underwriting the subscription of any securities or derivative	Exceeding 1% of Net worth.

**Audit Committee**

All Related Party Transactions, including subsequent material modifications

**Board Meeting**

All Material Transactions, including subsequent modifications, with related parties and Related Party Transactions not in Ordinary Course of Business, as recommended by the Audit Committee for approval.

**Shareholders**

All Material Related Party Transactions not in Ordinary Course of Business, including material modifications and Related Party Transactions not in Ordinary Course of Business and crosses threshold limit as prescribed under the statute applicable to the Bank.

## (7A) DISCLOSURES

Any agenda/ notice issued for considering a Related party Transaction shall adhere to the disclosure requirements as specified in Section 188 of the Companies Act 2013 and Companies (Meeting of Board and its Powers ) Rules 2014, SEBI ( Listing Obligation and Disclosure Requirements) Regulations 2015 and other applicable guidelines.

Further, any transaction recommended to the Audit Committee/Board of Directors/Shareholders, shall contain disclosures as prescribed under the RPT Industry Standards based on the below applicability matrix:

### Applicability Matrix

Type of Transaction	Approvals Required	Disclosure requirement
All RPTs	Audit Committee	Minimum Disclosure as specified in Part A of the RPT Industry Standards.
Specified RPTs	Audit Committee	Additional disclosures as specified in Part B of the RPT Industry Standards.
Material Specified RPTs	Audit Committee	Additional disclosures as specified in Part B and Part C of the RPT Industry Standards.
Shareholders	Shareholders	Minimum Disclosures to shareholders as specified in the RPT Industry Standards

### Applicability of the RPT Industry Standards:

1. The RPT Industry Standards shall be applicable for all RPTs placed for review and approval by the Audit Committee/Board/Shareholders of the Bank, in terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Non Applicability of the RPT Industry Standards:

1. Transactions exempted under Regulation 23(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
2. Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) do not exceed Rs. One Crore.

The disclosure shall include Certificates from the CEO or CFO or any other KMP of the Bank and from every director of the Bank who is also promoter (“promoter director”) to the effect that:

- i. the RPTs to be entered into are not prejudicial to the interest of public shareholders; and
- ii. the terms and conditions of the RPT are not unfavorable to the bank, compared to the terms and conditions, had similar transaction been entered into with an unrelated party.

While the notice is sent to the shareholders seeking approval for any material RPT, the Audit Committee can approve redaction of commercial secrets and such other information that would affect competitive position of bank from disclosures to shareholders. Further, the Audit Committee shall certify that, in its assessment, the redacted disclosures still provide all the necessary information to the public shareholders for informed decision-making.

The Operating guidelines on Related Party Transaction Policy shall specify the disclosure requirements while recommending any Related Party Transactions.

## **(8) GRANTING OF LOANS AND ADVANCES TO DIRECTORS AND RELATIVES**

Granting of loans and advances to directors, relatives of the directors and any firm in which any of the director holds interest, shall be in accordance with the guidelines issued by the Reserve Bank of India and the Loan Policy of the Bank.

## **(9) DUTY TO DISCLOSE INTEREST**

The Companies Act, 2013, imposes duty on every Director and Key Managerial Person to disclose to the Bank, the contracts or arrangements with the Bank, whether existing or proposed or acquired subsequently, in which he, directly or indirectly, has any interest or concern.

All the Directors and Key Managerial Personnel shall in the first Board meeting to be held in every financial year and whenever there is a change, shall intimate the same to the Nomination Remuneration and Compensation Committee of the Board (NRCCB) and the Board of Directors in Form MBP-1.

## **(10) REPORTING OF RELATED PARTY TRANSACTIONS**

1. Every contract or arrangement, which is required to be 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.
2. Further, in line with RBI Master Circular RBI/2015-16/99 DBR.BP.BC No.23/21.04.018/2015 -16 dated July 01, 2015 - Disclosure in Financial Statements - Notes to Accounts (Accounting Standard 18), all transactions involving transfer of resources or obligations between related parties, regardless of whether or not a price is charged shall be covered. Where there is only

one entity in any category of related party, the Bank need not to disclose any details pertaining to that related party other than the relationship with that related party. The following transactions will be covered and details will be provided in accordance with aforesaid RBI Master Circular:

- i. Borrowing;
- ii. Deposit;
- iii. Placement of deposits;
- iv. Advances;
- v. Investments;
- vi. Non-funded commitments;
- vii. Leasing/ HP arrangements availed/ Leasing/ HP arrangements provided;
- viii. Purchase of fixed assets;
- ix. Sale of fixed assets;
- x. Interest paid;
- xi. Interest received;
- xii. Rendering of services;
- xiii. Receiving of services; and
- xiv. Management contract

3. The Bank shall make RPT disclosure to the Stock Exchanges every six months in the prescribed format.

#### **(11) EXEMPTION FROM APPLICABILITY OF THE POLICY**

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this Policy shall not apply to the following Related Party Transactions, which shall not require separate/additional approval under this Policy:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions 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 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 Board.

(d) acceptance of current account deposits and saving account deposits by banks including payment of interest thereon in compliance with the directions issued by the Reserve Bank of India or any other Central Bank in the relevant jurisdiction from time to time.

(e) retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniform applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

(f) Any transaction pertaining to remuneration and sitting fees paid by the Bank to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015.

Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with specific provisions of the Act or other regulations framed by Securities and Exchange Board of India

## **(12) REGISTER AND RECORDS**

The Bank should maintain a register, in which all transactions other than the below listed ones, which is specifically excluded, in which directors are interested, should be entered and placed before the next meeting of the Board of Directors and signed by all the Directors present at the meeting. The register should be kept at registered office of the Bank and should be open to inspection to all members. Apart from this, all the documents related to the transactions with related parties shall be maintained for 8 years from the date of transactions or such other period as specified by any other law in force, whichever is higher.

- for the sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed five lakh rupees in the aggregate in any year; or
- the collection of bills in the ordinary course of its business.

## **(13) REVIEW**

The Audit Committee of the Board and the Board of Directors shall review the Policy on a biennial basis.

**Annexure 1****Materiality Threshold for Related Party Transactions as provided in Schedule XII of SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

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 the following

<b>Consolidated Turnover of the Bank</b>	<b>Materiality Threshold (Schedule XII)</b>
(I) Up to Rs. 20,000 Crore	10% of the annual consolidated turnover.
(II) More than Rs. 20,000 Crore to Rs. 40,000 Crore	Rs. 2,000 Crore + 5% of turnover above Rs. 20,000 Crore.
(III) More than Rs. 40,000 Crore	Rs. 3,000 Crore + 2.5% of turnover above Rs. 40,000 Crore, OR Rs. 5,000 Crores, whichever is lower.