



## **POLICY ON RELATED PARTY TRANSACTIONS**

*(last reviewed on 17<sup>th</sup> April 2025)*

## POLICY ON RELATED PARTY TRANSACTIONS

### A) OVERVIEW

#### 1. OBJECTIVE

This Policy on Related Party Transactions ('Policy') of Axis Finance Limited ('the Company') is framed as per the requirements of regulation 62K of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 ('SEBI Listing Regulations') as amended from time to time and is intended to ensure that the dealings with related party transactions meet proper approval and reporting norms as required under the applicable laws.

This Policy will guide the Company to effectively comply with the provisions of Companies Act, 2013 and its amendments thereto, the rules made thereunder ('Companies Act, 2013'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations'), Accounting Standards as issued by Institute of Chartered Accountants of India, Income Tax Act, 1961 and the rules made thereunder, and such other statutes as may be put in place, in relation to corporate governance and related party transactions ('Applicable Law')

#### 2. DEFINITIONS:

**Annual Consolidated Turnover** is defined as Total Income (i.e. Interest earned + Other Income) of the consolidated financial statements of the Company.

**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.

**Audit Committee or Committee** means Committee of Board of Directors of the Company constituted under provisions of Companies Act, 2013 and SEBI Listing Regulations.

**Board** means Board of Directors of the Company.

**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.

**Related Party** means related party as defined under Section 2(76) of the Companies Act, 2013, related party under the applicable accounting standards and regulation 2(1)(zb) of SEBI Listing Regulations.

**Related Party Transaction ('RPT')** as defined under 2(1)(zc) of SEBI Listing Regulations, means transaction involving transfer of resources, services or obligations between:

- a) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand;
- b) the Company 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 listed entity or any of its subsidiaries.

regardless of whether a price is charged.

Further, the following shall not qualify as related party transactions:

- i. 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;
- ii. The following corporate actions which are uniformly applicable / offered to all shareholders in proportion of to their shareholding:
  - Payment of dividend
  - subdivision or consolidation of securities
  - issuance of securities by way of a rights issue or a bonus issue
  - buy-back of securities
- iii. Retail purchases by directors or employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

**Material Related Party Transactions** shall have the same meaning as defined under regulation 62K(1) of the SEBI Listing Regulations, which is as under:

A transaction or 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 lower of following:

- a) Rs. 1,000,00,00,000/- (Rupees One Thousand crores only); or
- b) 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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, exceeds 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**Material Modification** means any variation in the terms and conditions of any ongoing RPT as originally approved by the Audit Committee and /or debenture trustee and debenture holder and/or shareholders, having a significant impact on the nature, value, tenure, exposure or likely financial impact of such a transaction. Exercise of any right as per terms of original contract is not considered as modification. Further, transactions where same pricing is offered uniformly to all customers/counter parties (related/unrelated) is not considered as material modification.

Material modifications shall mean any modification, either individually or taken together with any previous modification, made in the nature, value/exposure, or other terms and conditions of any on-going or proposed Related Party Transaction, as originally approved by the Audit Committee and /or debenture trustee and debenture holder and/or shareholders, which has the effect of variation in the approved value of the transaction, by 20% or more or Rs. 100 crores, whichever is higher, or by which the transaction ceases to be in ordinary course and/or on arms' length or such other parameter as may be determined by the Audit Committee from time to time.

**Ordinary course of business** will include the transactions undertaken by the Company in the normal course of business as permitted by law / regulations or as part of common / customary business practices or by its long standing conduct.

**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) of spouse or domestic partner
- vi. Son's wife
- vii. Daughter (including step-daughter)
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

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

## **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 of the Company is responsible for providing declaration to the Company Secretary on their respective 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 in case of any changes to their Related Parties, as mentioned in the previous declaration.

The Company Secretary shall at all times maintain a database of Company's Related Parties containing the names of individuals and companies/entities identified based on the definition of Related Party and declaration provided by the Directors, along with their personal/entity details including any revisions therein based on declaration / information received from directors, shareholders, other sources etc, and Key Managerial Personnel and the same shall be duly shared with functional team at regular intervals.

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.

## **2. Broad Parameters to assess:**

### **Ordinary Course of Business**

The phrase "Ordinary Course of Business" is not defined under the Act or Rules made there under. The Company shall adopt a reasonable approach / methodology to demonstrate 'Ordinary Course of Business' which shall, inter alia, include the nature of the transaction, the frequency / regularity / length of time the company is engaged such transaction, such transaction / action is consistent with the past practices and was taken in the ordinary course of the normal day-to-day operations of such company, common commercial practice, i.e. customarily taken, in the ordinary course of the normal day-to-day operations of other companies that are in the same / similar line of business.

### **Arm's Length**

For transactions between two related parties to be considered to be at arm's length pricing, the transaction should be conducted between the two parties as if the parties were unrelated, so that there is no conflict of interest. i.e. arm's length pricing is the condition or the fact that the two related parties transact as independent (un-related) parties and on an equal footing from one or more of the following aspects viz. nature of goods / services, risk assumed, assets / resources employed, key terms / covenants. In the absence of any guidelines on Arm's Length Pricing in the Act, the Company shall adopt reasonable approach / methodology to demonstrate Arm's Length Pricing for the specified RPT identified, which shall, inter alia, shall include, the nature of the transaction, description of functions to be performed, risks to be assumed and assets to be employed, key terms / special terms in the arrangement forming part of a composite transaction.

## **3. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION**

Approval policy framework is given below:

| <b>Approving authority</b> | <b>Type of Transactions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Audit Committee</b>     | All Related Party Transactions and subsequent Material Modifications shall require prior approval of the Audit Committee of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Board</b>               | <ul style="list-style-type: none"> <li>• Related Party Transactions referred by the Audit Committee for approval.</li> <li>• Related Party Transactions not in ordinary course of business and not on arm's length basis.</li> <li>• Related Party Transactions required to be approved by the Board under any applicable law.</li> </ul> <p>In the above context, where any Director is interested in any contract or arrangement with a Related Party, such Director shall not be present during the discussions and vote on the subject matter of the resolution relating to such contract or arrangement.</p> |

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Debenture Trustee and Debenture Holder</b> | All material related party transactions and subsequent material modifications to the approved related party transactions shall require prior No-Objection Certificate from the Debenture Trustee and the Debenture Trustee shall in turn obtain No-Objection from the debenture holders who are not related with the Issuer and hold atleast more than fifty per cent. of the debentures in value, on the basis of voting including e-voting. |
| <b>Shareholders</b>                           | <p>Prior approval by ordinary resolution for:</p> <ul style="list-style-type: none"> <li>- Material Related Party Transactions</li> <li>- Subsequent material modifications to the approved related party transactions.</li> <li>- Related Party Transactions not in ordinary course of business and not on arm's length basis and crosses threshold limit as prescribed under Section 188 of the Companies Act, 2013.</li> </ul>             |

Exceptions:

- As per Regulation 62K (7) of SEBI Listing Regulations, above approval is not required for transactions between the Axis Bank and the Company or two wholly owned subsidiaries of the Axis Bank, whose accounts are consolidated with Axis Bank and placed before the shareholders for approval at the general meeting.

Related Party Transactions will be referred to the Audit Committee for review and prior approval. The Audit Committee may grant omnibus approval for the related party transaction which are repetitive in nature and are in the ordinary course of business and are at arm's length, subject to compliance of the conditions set forth under the Act read with the rules made thereunder and other applicable law. The Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. 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 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. The Audit Committee shall review on quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval granted as stated above.

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 Company or of Shareholders, in addition to the approval of the Audit Committee.

The following Related Party Transactions shall require prior No-Objection Certificate from the Debenture Trustee and the Debenture Trustee shall in turn obtain No-Objection from the debenture holders who are not related with the Issuer and hold atleast more than 50% of the debentures in value, on the basis of voting including e-voting:

a) All material related party transactions.

b) Subsequent material modifications to the approved Related Party Transactions

After obtaining approval of the debenture holders, approval of the shareholders through resolution shall be obtained. If the No-Objection Certificate has been withheld, the matter shall not be taken forward for shareholders' consideration. This No-Objection Certificate from Debenture Trustee and debenture holders shall be obtained in respect of listed debt securities issued on or after April 01, 2025. Provided that in case of outstanding listed debt securities as on March 31, 2025, No-Objection Certificate from Debenture Trustee and debenture holders shall not be required for existing or prospective material related party transactions.

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

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.

c) Subsequent material modifications to the approved 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.

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

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

The information provided to the Committee shall include the following:

- i. the name of the related party and nature of relationship with the Company including nature of concern or interest (financial or otherwise);
- ii. Type, material terms and particulars of the proposed transaction
- iii. Value and tenure of proposed transaction;
- iv. % of Company's annual Turnover of Previous financial year;
- v. Details for Loan/Inter-Corporate Deposits/Investments transactions i.e. tenure, nature of indebtedness, covenants, purpose, tenure, interest, repayment schedule, secured/unsecured, security details etc;
- vi. Justification as to why the Related Party Transaction is in the interest of the Company;
- vii. Valuation/external party report if any;
- viii. any other information relevant or important for the Committee to take a decision on the proposed transaction; and
- ix. Any other information required to be placed for review as required by applicable law from time to time.

## **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**

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 in accordance with the provisions of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 62K (4) of the SEBI Listing Regulations for Related Party Transactions proposed to be entered into by the Company, which are in the ordinary course of business, arm's length basis and repetitive 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 omnibus approval shall be valid for a period of one year and fresh approval would be obtained from the Audit Committee after the expiry of one year.

### Exceptions:

- i. As per Regulation 62K (7) of SEBI Listing Regulations, above approval is not required for transactions between the Axis Bank and the Company or two wholly owned subsidiaries of the Axis Bank, whose accounts are consolidated with Axis Bank and placed before the shareholders for approval at the general meeting.

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

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

## **8. TRANSACTIONS WITH THE HOLDING COMPANY**

- i. Approval of the Audit Committee or shareholders will not be required to be taken to a transaction, other than a transaction referred to in section 188, between the Company and the Axis Bank.
- ii. Special resolution passed by the Axis Bank w.r.t. Related Party Transactions shall be sufficient for the purpose of the entering into the transaction between the Company and the Axis Bank.

## **C) AMENDMENT IN APPLICABLE LAW**

Any subsequent amendment in the Act or any other applicable law in this regard, shall automatically apply to this Policy. Accordingly, this policy shall be duly revised to incorporate any amendments.

## **D) REPORTING OF RELATED PARTY TRANSACTIONS**

Reporting of following related party transactions as per the applicable law, as amended from time to time:

Every contract or arrangement, approved by the Board/Shareholders under this Policy, shall be referred to in the Board's Report and 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 Company and the Related Party Transactions Policy, to be included in the Corporate Governance Report which forms part of the Annual Report.

The details of related party transactions in the format prescribed by SEBI would be submitted to the stock exchanges and published on the Company's website on a half-yearly basis, along with the Company's financial results.

## **E) IMPLEMENTATION**

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

## **F) DISCLOSURE**

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

## **G) POLICY REVIEW**

This Policy shall be reviewed at least once a year or may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the Audit Committee/ Board from time to time.