



Policy on Related Party Transactions

OBJECTIVE

The Board of Directors (the “Board”) of HDFC Bank Limited (the “Bank”), acting upon the recommendation of its Audit Committee has adopted the following policy (the “policy”) and procedures with regard to Related Party Transactions (defined hereinafter). This Policy is framed as per requirement of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”).

The objective of this Policy is to ensure that transactions between the Bank and its related parties (defined hereinafter) are based on principles of transparency and arm’s length pricing. Likewise, this Policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties. This Policy outlines the basis on which the materiality of related party transactions will be determined and the manner of dealing with the related party transactions by the Bank.

1. DEFINITIONS

- a) **“Audit Committee”** means Committee of the Board of Directors of the Bank constituted under provisions of the SEBI Listing Regulations.
- b) **“Related Party”** shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013 or under Regulation 2. (1)(zb) of the SEBI Listing Regulations as may be amended from time to time.
- c) **“Related Party Transaction”** shall mean all transactions as per Regulation 2 (1)(zc) of the SEBI Listing Regulations as may be amended from time to time. A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.
- d) **“Material transaction”** shall have the same meaning as given to ‘a transaction with a related party shall be considered material’ under the SEBI Listing Regulations, as may be amended from time to time. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Bank as per the last audited financial statements. Provided that, 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 two percent of the Annual Consolidated Turnover of the Bank as per the last audited financial statements of the Bank.
- e) **“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.
- f) **“Annual Consolidated Turnover”** is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Consolidated Financial Statements of the Bank.

2. POLICY

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

3. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS

Each Related Party will be brought to the attention of the Management of the Bank and the Board/Audit Committee by the Bank’s Legal and Secretarial Department at least on an annual basis.

The Legal and Secretarial Department of the Bank needs to inform any change in the list of Related Parties to Functional teams of the Bank to identify the Related Party Transactions.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation. The Audit Committee shall determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.

The approval policy framework is given below:

Audit Committee Approval	Board Approval	Shareholder's Approval
<ul style="list-style-type: none">• All Related Party Transactions	<ul style="list-style-type: none">• Related Party Transactions referred by Audit Committee for approval of the Board• Related Party Transactions as required under the regulations applicable to the Bank	<ul style="list-style-type: none">• Approval by resolution for:• (a) Material Related Party Transactions• (b) Related Party Transactions not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under the regulations applicable to the Bank

General Guidance for approval of Related Party Transactions

The Audit Committee shall be provided with the relevant information of Related Party Transactions in accordance with the requirements of the SEBI Listing Regulations and the Companies Act, 2013, the rules made thereunder, as amended from time to time and/or as requested by the Audit Committee. Where a Board approval is required, the information required under the Companies Act, 2013, the rules made thereunder and the SEBI Listing Regulations, as amended from time to time shall be provided.

In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons from the Bank's business point of view, to enter into a transaction with a Related Party.

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

The Audit Committee or the Board shall after considering the materials placed before them judge if the transaction is in the ordinary course of business and meets the arm's length requirements.

6. OMNIBUS APPROVAL BY AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS

The Audit Committee grants omnibus approval for recurring transactions with related parties. The Audit Committee would review on a quarterly basis the details of such Related Party Transactions entered into by the Bank pursuant to each of the omnibus approval given. The approval is valid for a period of one year. Where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Bank becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Bank would obtain post facto approval from the Audit Committee, the Board and/or shareholders of the Bank as required under applicable law. In case the Bank is not able to take such prior approval from the Audit Committee, the Board and/or shareholders of the Bank such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

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

8. DISCLOSURE OF THE POLICY

This Policy will be uploaded in the website of HDFC Bank at <http://www.hdfcbank.com> and the web link thereto will be provided in Corporate Governance section in the Annual Report.

The Bank will also submit within 30 days from the date of publication of its financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website mentioned above.

9. POLICY REVIEW

This Policy is framed based on the provisions of the SEBI Regulations, the Companies Act, 2013 and rules thereunder and other applicable law. In case of any subsequent changes in the provisions of the SEBI Regulations or the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in the Policy due to change in applicable law or at least once in every three years and updated accordingly.
