



POLICY FOR RELATED PARTY TRANSACTIONS

August 2018
(Version 3)



1. PREAMBLE

Bharti AXA Life Insurance Company Limited (“the Company”) is a joint venture between Bharti Group, one of India’s leading business groups with interests in telecom, agro business and retail, and AXA, world leader in financial protection and wealth management.

The Company was incorporated as a public limited Company on 27 October 2005 and is registered as a Life Insurance Company (LI) with the Insurance Regulatory and Development Authority of India (IRDAI) under the Insurance Act, 1938 and the applicable provisions. The Company is professionally managed having good corporate governance and internal control system in place.

This Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

2. PURPOSE

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Companies (Meeting of Board and its Powers) Rules, 2014 framed there under and Corporate Governance Guidelines dated 18 May 2016, the Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

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 Company and its shareholders and to comply with the statutory provisions in this regard.

3. LEGAL FRAMEWORK

This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations. This policy is drafted to give effect to prescriptions made in following legislations:

- a. Companies Act, 2013 & Rules, Regulations made and Circulars, Guidelines and notifications issued thereunder
- b. The Companies (specification of definitions details) Rules, 2014 and The Companies (Meeting of Board and its Powers) Rules, 2014
- c. Insurance Act 1938 and Rules, Regulations and Circulars, Guidelines issued thereunder
- d. Accounting Standard 18 including any amendment or modification thereof.



4. SCOPE OF APPLICATION

This policy shall come into force with effect from the Board approval and shall be applicable to transactions made with:

- (a) Board of Directors & their Relatives
- (b) Key Managerial Personnel (KMP) of the Company & their Relatives and
- (c) Related Parties, as defined hereinafter

5. DEFINITIONS

5.1 “Act” means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.

5.2 “Arm’s length transactions” means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest and as defined in Section 188 of the act.

5.3 “Associate Company” means a company in which the Company has a significant influence, but which is not a subsidiary company of the company and includes a joint venture company.

Explanation: “significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.

5.4 “Audit Committee” means a committee of Directors constituted in terms of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

5.5 “Board of Directors” or “Board” means the collective body of the Directors of the Company.

5.6 “Company” means Bharti AXA Life Insurance Company Limited

5.7 “IRDAI” means Insurance Regulatory and Development Authority (Act, 1999 & Rules and Regulations made thereunder and include any statutory modification or re-enactment thereof for the time being in force).

5.8 “Key Management Person (KMP)” means as defined under Section 203 of the Companies Act, 2013.

5.9 “Material Transactions” for contracts or arrangements would mean related party transactions as defined under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 as listed below requiring shareholders’ approval:



- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below—
 - I. sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding twenty five percent of the annual turnover as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - II. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten percent of net worth as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - III. leasing of property of any kind exceeding ten percent of the net worth or exceeding ten percent of turnover as mentioned in clause (c) of sub-section (1) of section 188;
 - IV. availing or rendering of any services directly or through appointment of agents exceeding ten percent of the net worth as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;
- (b) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or
- (c) remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

5.10 “Related Party” is a party as defined in sub-clause (76) of section 2 of the Act read with Rule Companies (Specification of definitions details) Rules, 2014

5.11 “Related Party Transaction” or “RPT” means Related Party Transaction” means any transaction between the Company and any Related Party for transfer of resources, services or obligations, regardless of whether a price is charged and includes –

1. Sale, purchase or supply of any goods or materials
 2. Selling or otherwise disposing of, or buying property of any kind
 3. Leasing of property of any kind
 4. Availing or rendering of any services
 5. Appointment of any agent for the purchase or sale of goods, materials, services or property
 6. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company
 7. Underwriting the subscription of any securities or derivatives thereof, of the Company
- (The above is an indicative list and not an exhaustive one).

5.12 “Relative” means a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:



As per section 2(77) of the Companies Act, 2013 and Rule 4 of Companies (specification of definitions details) Rules, 2014 includes:

1. Members of a Hindu undivided family
2. Spouse
3. Father (includes step-father)
4. Mother (includes the step-mother)
5. Son (includes the step-son)
6. Son's wife
7. Daughter
8. Daughter's husband
9. Brother (includes the step-brother)

5.13 'Ordinary Course of Business' means activities which are carried out by the Company in line with its Memorandum and Articles of Association and will generally fulfill the following conditions:

- It is normal for the particular business viz. it is carried out by the Company for several years
- It is occurring quite frequently over a period of time
- It is as per customs and practices of its business and of the Company
- It involves the usual allocation of resources considering the size and volume of the transactions
- It is necessary, normal and usual from the perspective of the Company and its line of business

While 'Ordinary Course of Business' has not been defined under the Act, 'Standard on Auditing 550: Related Parties' issued by the Institute of Chartered Accountants of India provides examples of transactions outside the normal course of business. Eg. Corporate restructurings or acquisitions, sales with unusually large discounts or returns, management services rendered without consideration, etc.

Examples of transactions for entity's Ordinary course of business may include:

1. Issuance of Policies and Printing and Dispatch of Policy Bonds
2. Collection of premium
3. Data Entry, scrutiny and printing of receipts
4. Distribution arrangement like Corporate Agency, Broking etc.
5. In the case of insurance cover given by the insurance company to the group companies, price/ premium quoted by the companies under F&U guidelines should be considered as arm's length.

(The above is an indicative list and not an exhaustive one).

6. POLICY



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

Any changes in the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee and the Board. The Audit Committee / Board will give suitable directions / guidelines to implement the same.

The Policy shall be reviewed yearly by the Board Audit & Compliance Committee and Board of Directors of the Company.

6.1 IDENTIFICATION OF RELATED PARTY TRANSACTIONS

Every Director and Key Managerial Personnel will be responsible for providing a declaration giving the list of related persons and entities where the person is interested in the format as per Annexure 1 containing the following information to the Company Secretary on an annual basis:

- 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 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 his / her advice, directions or instructions; and
- f. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).\

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

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

- I. All Directors and Key Managerial Personnel;
- II. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
- III. Company's holding company, subsidiary companies and associate companies;
- IV. Subsidiaries of holding company;
- V. All Group entities

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will 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 Committee and the Board.



The suggested details and list of records and supporting documents which are required to be provided along with the Notice of the proposed transaction are provided in Annexure 2 to this Policy.

Once the Company Secretary determines a transactions proposed to be entered into is a Related Party Transaction, then the Company Secretary in consultation with the Chief Financial Officer may refer the matter to an Independent Chartered Accountant for the determination of Arm's length pricing. The Independent Chartered Accountant after assessment will provide the report and if the pricing is at Arm's length then the report will be placed before the Audit Committee / Board for approval. In the case of insurance cover given by the insurance company to the group companies, price/ premium quoted by the companies under F&U guidelines should be considered as arm's length.

6.2 MECHANISM FOR APPROVAL OF RELATED PARTY TRANSACTIONS

TRANSACTIONS WHICH ARE ON "ARM'S LENGTH BASIS" AND ARE "IN ORDINARY COURSE" OF BUSINESS	TRANSACTIONS WHICH ARE EITHER NOT ON "ARM'S LENGTH BASIS" AND / OR NOT "IN ORDINARY COURSE" OF BUSINESS	MATERIAL TRANSACTIONS (as defined under point 5.10)
Approval of Audit Committee necessary for all transactions	Approval of Audit Committee for all transactions	Approval of Audit Committee for all transactions
	Approval of the Board necessary for all transactions	Approval of the Board necessary for all transactions
		Approval of shareholders by way of resolution only if the value of transactions exceeds the limits prescribed under the Act (Material Transactions).

6.2.1. CONSIDERATION BY THE COMMITTEE IN APPROVING THE PROPOSED TRANSACTIONS

While considering any transaction, the 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 Company and to the Related Party, and any other relevant matters.

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

6.2.2 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 elects 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 a 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.

6.2.3 STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval / 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 Company.

Such transactions will be deemed to be 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 to these factors shall require a prior approval of the Committee.

6.2.4 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS

Pursuant to section 188 of the act all Material Related Party Transactions shall require approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

6.2.5 TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT AT ARM'S LENGTH

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, which are not in the Ordinary Course of Business or not at Arms' Length shall also require the prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.



6.2.6 RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

7 DISCLOSURE

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction. The same shall be placed before Audit Committee for its review and then to the Board as part of Directors' report for approval.

The disclosures about payments made to group entities of the insurer out of the policyholders funds, shall be made as a part of the related party disclosures in terms of para 9 of Corporate Governance guidelines issued by the IRDAI; and all such transactions may be grouped together under the related party transactions.

The Company shall keep a register in the prescribed form giving the particulars of all contracts or arrangements in such manner and containing particulars duly authenticated by the authorized official of Corporate Secretarial Department and thereafter the same shall be placed before the next meeting of the Board.

Necessary disclosures be made in the Annual Financial Statements as required under AS 18 and IRDA circular and guidelines.

All Related Party Transactions that are required to be disclosed in the Company's filings with the ROC, as required by the Companies Act, 2013 and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

ANNEXURE 1

NOTICE OF INTEREST BY DIRECTOR / KEY MANAGERIAL PERSONNEL



To,
The Company Secretary/Compliance Officer
Bharti AXA Life InsuLimited
Pfizer Centre, Patel Estate
Off. S.V. Road, Jogeshwari (W),
Mumbai – 400 102

Dear Sir,

A. I,, son/daughter/spouse of, resident of, holding Shares (equity or preference) of Rs. 10/- each (..... percent of the paid-up Capital) in the Company in my name, being a in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following company or companies, body corporate, firms or other association of individuals:

Sr. No.	Name of the Companies/Bodies Corporate/Firms/ Association of Individuals	Nature of Interest or Change in Interest Concern	Shareholding	Date on which Interest or Concern arose/changed

B. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions;

Sr. No.	Name of the Body Corporate

C. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the Person	Relation

Signature:
Name:
Date:
Designation:



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;
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. Copy of the draft MOU, agreement, contract, purchase order or correspondence etc. if any.
8. Applicable statutory provisions, if any;
9. Justification as to the arm's length nature of the proposed transaction;
10. Declaration whether the transaction is in the ordinary course of business;
11. Persons / authority approving the transaction; and
12. Any other information relevant or important for the Committee / Board to take a decision on the proposed transaction.