



**Chaitanya**

Related Party Transactions Policy  
Of  
Chaitanya India Fin Credit Private Limited

## Document Metadata

### *Document Reference*

|                       |  |
|-----------------------|--|
| <b>Title</b>          | Related Party Transactions Policy                  |
| <b>Owner</b>          | Chief Financial Officer                            |
| <b>Prepared By</b>    | Finance and Accounts team                          |
| <b>Reviewed By</b>    | A) Chief Financial Officer<br>B) Company Secretary |
| <b>Approved By</b>    | Board of Directors on June 7 <sup>th</sup> , 2024  |
| <b>Classification</b> | Confidential                                       |

### *Document Revision and Change Control*

| <b>Sr. No.</b> | <b>Version</b> | <b>Date of Board Approval</b> | <b>Changes</b>  |
|----------------|----------------|-------------------------------|---|
| 1.             | V1.0           | May 2 <sup>nd</sup> , 2020    | Initial Version Created   |
| 2.             | V2.0           | June 7 <sup>th</sup> , 2024   | Revised version created, in order to bring in alignment with the Holding Company. |

### **Confidentiality Statement**

*This document shall not be used, circulated, quoted or otherwise referred to for any other purpose, nor included or referred to in whole or in part in any document without prior written consent from Chaitanya management and its finance and accounts team. This document is classified as a confidential document and may be published within Chaitanya only after adequate consultation with the legal department. An appropriately redacted version may be published for general consumption by employees, and third-party contractors, and content from this document may be included in Chaitanya's internal training programs after appropriate approvals.*

## **Table of Contents**

|   |   |
|---|---|
| 1. OBJECTIVE.....   | 4 |
| 2. SCOPE .....  | 4 |
| 3. DEFINITIONS .....  | 4 |
| 4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS .....        | 5 |
| 5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY..... | 8 |
| 6. POLICY REVIEW.....   | 8 |
| 7. DISCLOSURE.....  | 8 |

## RELATED PARTY TRANSACTIONS POLICY

### 1. OBJECTIVE

This Policy will ensure that related party transactions of the Company are carried out in a transparent manner i.e. in ordinary course of business and at arm's length basis as per the legal provisions. This policy also aims at providing guidance in situations of potential conflict of interest and compliance matters relating to related party transactions.

This policy has been framed in order to comply with the requirements of RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023. This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013, Accounting standards as issued by Institute of Chartered Accountants of India, Income tax Act and such other statutes as may be put in place, in relation to Corporate Governance and Related Party Transactions.

In order to comply with these requirements and as a good Corporate Governance practice, this policy on Related Party Transactions is adopted for implementation by the Board of Directors (the “Board”) of Chaitanya India Fin Credit Private Limited (the “Company”).

### 2. SCOPE

This policy shall be applied in:

- a. Identifying related parties, updating and maintaining the database of such persons/entities;
- b. Ascertaining that the transactions entered with the related parties are in ‘ordinary course of business’ and at ‘arm’s length basis’.
- c. Identifying related party transactions.
- d. Obtaining approvals before entering into any related party transactions.
- e. Determining the disclosures / compliances to be adhered in relation to the related party transactions.

### 3. DEFINITIONS

- a. **“Arm’s Length Transaction / Basis”** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- b. **“Associate Company”** means Associate Company as defined under sub-section (6) of section 2 of the Companies Act, 2013.
- c. **“Key Managerial Personnel”** means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013.

- d. **“Ordinary Course of Business”** shall mean the usual transactions, customs and practices carried on generally by the Non-Banking Financial Companies and shall include:
- i. Transactions covered in the ‘main objects’ or the ‘objects incidental’ to attainment of the main objects as envisaged in the Memorandum and Articles of Association of the Company,
  - ii. Transactions which are usually carried on by any Non-Banking Financial Company,
  - iii. Transactions which has been done by the Company regularly in last three (3) years,
  - iv. Transactions done with a related party on a similar basis as of a third party,
  - v. Transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money or managerial resources that generates income for the Company.
- e. **“Related party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013.
- f. **“Related Party Transaction”** or **“RPT”** has the meaning ascribed to it under clause (a) to (g) of Section 188(1) of the Companies Act 2013.
- g. **“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013.
- h. **“Subsidiary company”** or **“Subsidiary”** means a company as defined under Section 2(87) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013 as amended or any other applicable law or regulation for the time being in force.

## **4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

### **4.1 Approval of the Audit Committee:**

- (A) Every Related Party Transaction and subsequent modification thereto 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 may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature and subject to such other conditions as it may consider necessary in line with this policy and in the interest of the Company.
- (i) The omnibus approval shall be valid for a period of one (1) financial year and shall require fresh approval after expiry of such financial year.
  - (ii) Omnibus approval shall not be granted for transactions in respect of selling or disposing of the undertaking of the Company.
  - (iii) 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 Company's business point of view, to enter into a transaction with a Related Party.

- (iv) The Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
  - (v) Where the need for a related party transaction cannot be foreseen and details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
- (B) As a general exception, for Transactions which are entered into by the Company with its related parties in its '*ordinary course of business*' and on an '*arm's length basis*', no approval of the Board or the shareholders would be required; however, the requirement of approval from the Audit Committee would continue to prevail.
- (C) 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.
- (D) Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:
- a. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
  - b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
  - c. Transaction(s) as listed below undertaken by the Independent Director with the Company or its holding, subsidiary, or associate company or their promoters or directors during the year:
    - a) receipt of remuneration by way of sitting fees;
    - b) reimbursement of expenses for attending board and other meetings;
    - c) any profit related commission as approved by members.
  - d. any transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

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, subject to compliance with the applicable legal provisions.

#### **4.2 Approval of the Board of Directors:**

- (A) The following related party transactions shall be placed before the Board of Directors for approval, after the recommendation of the Audit Committee:
- (i) Related party transactions referred by the Audit Committee;
  - (ii) Related party transactions not on arm's length basis, and/or;
  - (iii) Related party transactions not in the ordinary course of business.
  - (iv) Related party transactions that are mandated under any law to be approved by Board.
- (B) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-
- (i) the name of the related party and nature of relationship;
  - (ii) the nature, duration of the contract and particulars of the contract or arrangement;
  - (iii) the material terms of the contract or arrangement including the value, if any;
  - (iv) any advance paid or received for the contract or arrangement, if any;
  - (v) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
  - (vi) whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
  - (vii) any other information relevant or important for the Board to take a decision on the proposed transaction in line with the applicable legal requirements.
- (C) Any Director interested in any contract or arrangement with a related party shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

#### **4.3 Approval of the Shareholders:**

- (A) Any related party transaction which is not in the ordinary course of business and/or not on arm's length basis, and crosses prescribed threshold limit for as per Companies Act, 2013 will require prior approval of the Shareholders.
- (B) The explanatory statement to be annexed to the notice of a general meeting convened shall contain the following particulars namely:
- (i) Name of the related party
  - (ii) Name of the director or key managerial personnel who is related, if any;
  - (iii) Nature of relationship;
  - (iv) Nature, material terms, monetary value and particulars of the contract or arrangement;
  - (v) Any other information relevant or important for the members to take a decision on the proposed resolution.
- (C) The requirement for obtaining shareholders' approval will not apply to transactions entered into between a Holding Company and its wholly owned subsidiary, if any, whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting

for approval.

The approval policy framework is given below:

| <b>Audit Committee Approval</b>   | <b>Board Approval</b>  | <b>Shareholders' Approval</b>  |
|---|--|--|
| All Related Party transactions except items mentioned in 4.1 (D) above. | Related Party Transactions referred by Audit Committee for approval of the Board.<br><br>Related Party Transactions not in the ordinary course of business and not on arm's length relationship.<br><br>Related Party Transactions mandated under any law to be approved by the Board. | Approval by Ordinary/Special Resolution as required for Related Party Transactions that are not in Ordinary Course of Business and/or not at Arm's length basis and exceeds the prescribed threshold limit as per Companies Act, 2013. |

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

Subject to the Companies Act, 2013 as amended from time to time, the Audit Committee shall have the power to ratify, revise or terminate the Related Party Transaction(s), which are not approved, or which are not in accordance with this policy.

## **6. POLICY REVIEW**

The policy will be subject to review after a period of two years unless amended, modified, or supplemented from time to time to ensure compliance with any modification/amendment to RBI Guidelines/Companies Act, 2013 or any other regulatory guidelines or as may otherwise be prescribed by the Audit Committee/Board from time to time.

## **7. DISCLOSURE**

Appropriate disclosures as required by the Companies Act, 2013, Reserve Bank of India and other regulatory bodies as applicable will be made in the Financial Statement and Board's Report of the Company. This Policy shall be disclosed on the website of the Company.

\*\*\*\*\*