



## CASPIAN IMPACT INVESTMENTS PVT LTD

### Policy on Related Party Transactions

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Approved by:	Avishek Gupta
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Levels of Confidentiality: Public (Level 1), Confidential (Level 2), Restricted (Level 3)

Please refer to annexure I for summary of previous version changes

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## POLICY ON RELATED PARTY TRANSACTIONS

### INTRODUCTION:

Caspian Impact Investments Private Limited is registered as a Non-Banking Financial Company (NBFC) under the Reserve Bank of India (RBI) Act, 1934 and is Non-Deposit taking Systemically Important NBFC and this policy has been framed to comply with the requirements of Reserve Bank of India (RBI) Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation Directions, 2023 (“Directions”). The Company is professionally managed having good corporate governance and internal control system in place. 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 Related Party Transactions to the extent they are applicable to the Company. The Board of Directors (“the Board”) of the Company understands the importance of stakeholders’ confidence and trust in the Company. In order to preserve the same with transparency and to ensure that there are no apprehensions with respect to conflicts of interest in the minds of the stakeholders, the Board of the Company, acting upon recommendation of its Audit Committee (the Committee), has adopted the following policy and procedures with respect to Related Party Transactions of the Company.

### SCOPE:

This policy shall be applied in:

- (1) Identifying related party(ies), updating and maintaining the database of such persons/entities;
- (2) Ascertaining that the transactions entered with the related party(ies) is/are in ‘ordinary course of business’ and at ‘arm’s length basis’;
- (3) Identifying related party(ies) transactions;
- (4) Obtaining approvals before entering into any related party(ies) transactions;
- (5) Determining the disclosures / compliances to be adhered in relation to the related party(ies) transactions.

### DEFINITIONS:

- (1) **“Act”** means the Companies Act, 2013.
- (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.
- (3) **“Arm’s Length Price”** means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.
- (4) **“Key Managerial Personnel (KMP)”** means Managing Director, Chief Financial Officer and Company Secretary of the Company

(5) **“Related Party”** is a party as defined in sub-clause (76) of sections 2 of the Act and Regulation 2(1)(zb) of SEBI (Listing Obligations and Disclosure Requirements), 2015 and also as per the applicable accounting standard

(6) **“Related Party Transaction”** or **“RPT”** means transactions

**A) As per Companies Act, 2013 –**

According to clause (a) to (g) subsection (1) of section 188, RPT shall include:

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

Notwithstanding the foregoing, the following shall not be deemed as Related Party Transactions for the purpose of this Policy:

- (a) Any transaction that involves providing of compensation to a Director or KMP, in accordance with the provisions of the Act, 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) Reimbursement made of expenses incurred by a Related Party for business purpose of the Company.
- (c) Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require prior approval by the Audit Committee.

**B) As per SEBI (Listing Obligations and Disclosure Requirements), 2015 or “SEBI Listing Regulations”**

According to Regulation 2(1) (zc) of SEBI Listing Regulations, RPT means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity 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, with effect from April 1, 2023;

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:

Provided that the following shall not be a related party transaction:

- (a) 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;
- (b) the following corporate actions by the listed entity 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 by banks/Non-Banking Finance Companies 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:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s);

(7) **“Relative”** In terms of Section 2(77) of the Act read with the Companies (Specification of Definitions Details) Rules, 2014 a person is said to be a relative of another, if:

- (a) They are members of a Hindu undivided family;
- (b) They are husband and wife;
- (c) Father (including step-father);
- (d) Mother (including step-mother);
- (e) Son (including step-son);
- (f) Son’s wife;
- (g) Daughter;
- (h) Daughter’s husband;
- (i) Brother (including step-brother); or
- (j) Sister (including step-sister).

(8) **“Ordinary Course of Business”** shall mean any matter which transpires as a matter of normal and incidental daily customs and practices in business and / or something which is done, as a matter of corporate historical practice, in the ordinary course of business and shall include:

- (a) transactions covered in the ‘main objects’ or the ‘objects incidental’ to attainment of the main objects as envisaged in the Memorandum of Association of the Company,
- (b) transactions which are usually carried on by the Company,
- (c) transactions which has been done by the Company regularly in last Five (5) years,
- (d) transactions done with a Related Party on a similar basis as if a third party,
- (e) 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.

## **IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS:**

(1) If a Director, KMP wishes to enter into a Related Party Transaction with the Company involving either him/her or his/her Relative, shall give a notice to the Company along with all relevant details and documents.

(2) Notice of any Related Party Transactions, referred above shall be given well in advance so that the Company has adequate time to obtain additional information or documents about the proposed Related Party Transactions, if necessary, which is required to be placed before the Audit Committee to enable it to approve the said transactions.

(3) Every Director and KMP shall make an annual disclosure as required under Section 184(1) of the Act read with applicable rules made there under as may be amended from time to time.

(4) Every Director and KMP shall also promptly intimate any change in the annual disclosures mentioned above.

## REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

### Approval of the Audit Committee:

A) 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 may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following guidelines:

Audit Committee shall consider following factors/ criteria for granting omnibus approval, which shall include the following:

Sr. No.	Particulars	Details
1.	Repetitiveness of the transactions (in past or future);	More than One
2.	Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;	INR 30 Million
3.	The maximum value per transaction which can be allowed;	INR 10 Million
4.	Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;	As determined by the Audit Committee from time to time
5.	Review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made;	At least annually
6.	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	As per this Policy
7.	Justification for the need of omnibus approval and in the interest of the Company.	Repetitive nature, Interest of Company and Administrative Convenience

B) The omnibus approval given by the Audit Committee shall specify (i) the name/s of the Related Party(ies), (ii) nature of transaction/relationship, (iii) duration/period of transaction, (iv) maximum amount of transaction that can be entered into (v) the indicative base price/current contracted price and the formula for variation in the price if any, (vi) material terms of the contract with value, if any, (vii) Name of the Interested Party/Director/KMP/Relative, (viii) brief particulars of the contract, and (ix) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Provided that where a 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 Rs. 1 crore per transaction.

C) 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.

(d) Omnibus approval shall not be granted for transactions in respect of selling or disposing of the undertaking of the Company.

(e) 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(ies).

(f) Audit Committee shall review, on yearly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

(g) 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

h) Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- Any transaction that involves the providing of compensation to a director or KMP 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.
- 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.
- 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) transaction(s) done in Ordinary Course of Business and on Arm's Length basis or at Arm's Length Price;
  - (b) receipt of remuneration by way of sitting fees;
  - (c) reimbursement of expenses for attending Board Meeting and / or Meetings of Committee of Directors;
  - (d) any profit related commission as approved by members.

In connection with any review of a Related Party(ies) Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the applicable legal provisions.

## Approval of the Board of Directors:

A) The following Related Party(ies) Transactions shall be placed before the Board of Directors for approval, after the approval of the Audit Committee:

- (1) Related Party(ies) Transactions referred by the Audit Committee;
- (2) Related Party(ies) Transactions **not** on Arm's Length basis or at Arm's Length Price, and/or;
- (3) Related Party (ies) Transactions **not** in the Ordinary Course of Business.

B) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose:

- the name of the Related Party(ies) and nature of relationship;
- the nature, duration of the contract and particulars of the contract or arrangement
- the material terms of the contract or arrangement including the value, if any;
- any advance paid or received for the contract or arrangement, if any;
- the manner of determining the pricing and other commercial terms, both included as part of

- contract and not considered as part of the contract;
- 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
- 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

### 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 or at Arm's Length Price, **and/or** crosses prescribed threshold limit for as per the Act will require prior approval of the Shareholders.

Sl.No	Transactions	Threshold Values
1.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	> 10% of the TO* of the Company or;
2.	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent	>10% of the NW* of the Company;
3.	Leasing of property of any kind	> 10% of TO* of the Company ;
4.	Availing and rendering of any kind of services, directly or through appointment of agent	>10% of the TO* of the Company ;
5.	Appointment of any person in the office or any place of profit in the company, its subsidiary or associate company	at a monthly remuneration exceeding Rs. 2,50,000;
6.	Remuneration for underwriting of subscription of any securities or derivatives of the Company	>1% of NW* of the Company.

\*TO – Turnover; NW – Network

The explanatory statement to be annexed to the notice of a general meeting convened shall contain the following particulars namely:

- (1) Name of the Related Party(ies)
- (2) Name of the Director or Key Managerial Personnel who is related, if any;
- (3) Nature of relationship;
- (4) Nature, material terms, monetary value and particulars of the contract or arrangement;
- (5) Any other information relevant or important for the members to take a decision on the proposed resolution.

## DECISION REGARDING TRANSACTIONS 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 or Arm's Length Price.

## **RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:**

In the event the Company becomes aware of a transaction with a Related Party (ies) that has / have not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding such Related Party (ies) Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party (ies) Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party(ies) Transaction to the Committee under this Policy, and shall take any such action as it deems appropriate.

In case, where the Audit Committee determines not to ratify a Related Party (ies) Transaction that has/have been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of such transaction.

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.

## **POLICY REVIEW:**

This Policy shall be reviewed by the Audit Committee every year, in order to align with the ongoing regulatory and business requirements. The policy as reviewed by the Audit Committee shall be placed before the Board for its approval.

## **DISCLOSURE:**

Appropriate disclosures as required by the Act and Reserve Bank of India will be made in the Annual Return and the Board's Report of the Company. This Policy shall be disclosed on the website of the Company.

## 1. ANNEXURE – I: VERSION CONTROL TABLE

Version No.	Version Approval Date	Version Effective Date	Version Change Details	Version Owner	Version Approved By
1.0				<b>Vandana Bhatia, Company Secretary</b>	<b>S Viswanatha Prasad, Managing Director</b>
2.0	07.02.2020	18.11.2019	In line with the Changes issued by MCA vide Companies (Meetings of Board and its Powers) Second Amendment Rules, 2019 Dated 18 <sup>th</sup> November, 2019	<b>Vandana Bhatia, Company Secretary</b>	<b>S Viswanatha Prasad, Managing Director</b>
3.0	27.05.2022	27.05.2022	Reference to Non-Systemically Important NBFC is updated to Systemically Important NBFC	<b>Vishwanath Muniganti, Chief Financial Officer</b>	<b>Avishek Gupta, Managing Director</b>
4.0	19.05.2023	19.05.2023	In line with the SEBI (Listing Obligations and Disclosure Requirements), 2015	<b>Vishwanath Muniganti, Chief Financial Officer</b>	<b>Avishek Gupta, Managing Director</b>
5.0	26.02.2024	26.02.2024	<ul style="list-style-type: none"> <li>• Reference to Scale based regulations</li> <li>• Applicability of relevant regulations</li> <li>• Inclusion of Accounting Standards in related Party definition</li> </ul>	<b>Vishwanath Muniganti, Chief Financial Officer</b>	<b>Avishek Gupta, Managing Director</b>