

POLICY ON RELATED PARTY TRANSACTIONS

Version	Brief Description	Approved by	Effective Date
1.0	Creation of Policy	Board of Directors	1 st April, 2024

A. ABOUT THE COMPANY:

CSA Investments Private Limited (*Formerly Known as CISFIN Investment Solutions Private Limited*) (**‘the Company’**) was incorporated as a limited company on January 07, 2022, under the provisions of the Companies Act, 2013 vide Corporate Identification Number U65929HR2022PTC100418. Specializing in secured fixed-income products, the Company's investment approach aligns with the objectives outlined in its Memorandum of Association and Articles of Association, providing stability and reliable returns by strategically navigating market dynamics.

B. REGULATORY FRAMEWORK:

The Board of Directors of the Company has adopted a Policy that outlines the review and approval of Related Party Transactions. The purpose of this Policy is to establish the procedures for reviewing and approving or ratifying such transactions. The Policy aims to regulate transactions between the Company and its Related Parties in accordance with applicable laws and regulations.

The Board of Directors will periodically review and amend this policy as required, ensuring that it conforms to the provisions of the Companies Act, 2013 and the Rules made thereunder (**“Act”**). Any amended policy shall also be approved by the Board of Directors in the manner they decide from time to time.

Additionally, it will also take into account the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and its amendments (**“Listing Regulations”**), applicable accounting standards as issued by the Institute of Chartered Accountants of India, Income Tax Act, 1961, and its rules. The policy will cover corporate governance and related party transactions, as well as any other relevant statutes that might be put in place.

C. OBJECTIVE:

This Policy aims to ensure that transactions between the Company and any related parties are identified, approved, disclosed, and reported promptly and in accordance with applicable laws and regulations. Its provisions are designed to govern the approval process and disclosure requirements, ensuring transparency in Related Party Transactions for the benefit of the Company and its shareholders. The Policy also aims to ensure that these transactions are conducted transparently, in the Ordinary Course of Business, and at Arm’s Length Basis, as per relevant laws. It provides guidance on handling potential conflicts of interest and compliance matters related to such transactions, even when the Company is not directly involved.

The Company is required to disclose this Policy on its website and in its Annual Report, which will be updated as needed.

It outlines how the materiality of Related Party Transactions will be determined and how the Company will handle them. This Policy also applies, with suitable modifications, to the Company's subsidiaries, if and when adopted by them.

D. SCOPE AND PURPOSE

This policy outlines the procedures that will be followed to deal with Related Party Transactions. These procedures include:

- i) Identifying Related Parties and maintaining an up-to-date database of such persons/entities.
- ii) Identifying Related Party Transactions.

- iii) Checking whether the transaction(s) entered into with Related Parties are in the ordinary course of business and at an arm's length basis.
- iv) Obtaining the necessary approvals prior to entering into any Related Party Transactions.
- v) Outlining the criteria that will be used to determine the materiality of Related Party Transactions.
- vi) Determining the statutory disclosures, reporting, and compliance requirements that apply to Related Party Transactions.

E. DEFINITIONS

“**Act**” shall mean Companies Act, 2013 and includes any amendment thereof.

“**Applicable Law**” means the following laws applicable to the Related Party framework of the Company:

The Companies Act, 2013, and rules issued thereunder;

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Indian Accounting Standard (Ind AS) 24; Applicable circulars, clarifications, etc. issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India; Any other statute as may be put in place in relation to corporate governance and related party transactions; as may be amended from time to time.

“**Arm’s length transaction**” means a transaction between two related parties that is conducted as if they are unrelated so that there is no conflict of interest. In this regard, Transfer Pricing guidelines issued by the relevant authorities under the provisions of Income-Tax Act 1961 may be used to determine the criteria on a case to case basis.

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

“**Concerned or Interested Director or Key Managerial Personnel**” means any director or key managerial personnel who, whether directly or indirectly, holds a stake or has a vested interest in a contract or arrangement, either currently in effect or proposed to be entered into:

- i) With a corporation where such a Director, either individually or in conjunction with another director or key managerial personnel, holds more than two percent of shareholding or serves as a promoter, manager, or Chief Executive Officer.
- ii) With a partnership or other entity where such director or key managerial personnel holds a position as a partner, owner, or member.

“**Key Managerial Personnel**” means the following managerial personnel as defined under the Companies Act, 2013:

- i) The Chief Executive Officer or the Managing Director or Manager.
- ii) The Company Secretary.
- iii) The Whole-Time Director.
- iv) The Chief Financial Officer and
- v) such other officer as may be prescribed under the Companies Act 2013;

“**Ordinary Course of Business**” are those that meet the following criteria:

- i) they are listed in the object clause of the Memorandum of Association of the Company,
- ii) they are repetitive and frequent in nature,

- iii) they are normal and routine in the particular business,
- iv) they are common in the relevant industry, and
- v) They are in furtherance of the Company's business objectives and/or purposes.

The above criteria is not exhaustive, and the Company will evaluate each transaction based on its type and nature.

“**Policy**” means this Related Party Transactions Policy.

“**Related Party Transaction**” means any transaction directly or indirectly involving any Related Party and is a transfer of resources, services, or obligations between a company and a related party, regardless of whether a price is charged or not.

“**Relative**” means a relative as defined in Section 2(77) of the Companies Act, 2013.

“**Transaction**” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

F. GOVERNING FRAMEWORK

Directors, when they start their term on the Board, and at the beginning of each financial year, or whenever there's a change in their disclosed interests, are required to disclose any connections or interests they have in companies, firms, or other entities, along with their shareholdings. The Board must disclose in Form MBP-1 “**Notice of Interest by Director**” to make this disclosure, as per Section 184(1) and Rule 9 of the Companies (Meeting of Board and its Powers) Rules, 2014. Additionally, Directors must declare whether other corporate bodies' Boards or management typically follow their advice outside of their professional role.

Furthermore, Directors and Key Managerial Personnel (“**KMP**”) must notify the Board of any related parties as defined by Section 2(76) of the Act and Indian Accounting Standard 24. This list should be updated annually, with prompt notification of any changes. In case of any potential Related Party Transaction involving a director, KMP, or their relatives, advance notice must be provided to the Company, along with additional transaction details requested by the Board.

Finally, based on the declarations and disclosures received, the Company and its subsidiaries compile and update a list of related parties. The Board is notified well in advance of any potential Related Party Transactions, providing ample information for review and consideration.

G. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- i) Approval of the Board:
 - a) All transactions identified as Related Party Transactions must be approved by Board in advance, even if the transaction and/or subsequent modifications are in the ordinary course of business and at an arm's length price. Any member with a potential interest in any Related Party Transaction will abstain themselves from discussion and voting on the approval of the transaction(s).
 - b) The Board will be provided with the material facts of such Related Party Transactions and will determine whether to approve them or not. When assessing a Related Party

Transaction, the Board will consider factors such as the business reasons for the Company to enter into the transaction, the materiality of the transaction to the Company, whether the terms of the transaction are fair to the Company, and the extent of the Related Party's interest in the transaction.

ii) The following Related Party Transactions do not require Board's approval:

- a) Any transaction that involves providing compensation to a Director or Key Managerial Personnel in connection with their duties to the Company or 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.
- c) Transactions with Related Parties will be reviewed by the Board every quarter. The Company must obtain prior approval from the Board for all transactions with Related Parties except for the Group Companies.

iii) Mechanism for determining Ordinary Course of Business and Arm's length basis:

All transactions or activities that are necessary, normal and incidental to the business of the Company shall be deemed to be in the ordinary course of business. These may also be common practices and customs of commercial transactions.

The following points may be considered for determining whether the transaction is in the ordinary course of business;

- a) Whether the activity is covered in the object clause of Memorandum of Association;
- b) Whether the activity is in furtherance of the business;
- c) Whether the activity is in normal or routine or particular business (i.e. activities like advertising, staff training, etc.)
- d) Whether the activity is repetitive/frequent;
- e) Whether the income, if any, earned from such activity/transaction is treated as business income in the company's books of account;
- f) Whether the transactions are common in the particular industry;
- g) Whether there is any historical practice to conduct such activities business;
- h) Revenue generated by the activity;

The above mentioned criteria is not exhaustive and the Company will assess each transaction considering its specific nature and circumstances.

H. Approval of the Shareholders of the Company:

- i) The Company shall obtain the approval of the Shareholders in case the Company enters into any Material transaction with the Related Parties except with the Group Companies.

I. Omnibus Approval

Criteria and Justification for Omnibus Approval:

- i) In the interest of ensuring the Company's seamless operations, the Board may grant omnibus approval for Related Party Transactions. These transactions should be repetitive, routine, and incidental to the Company's general operations, subject to conditions deemed appropriate. Such approval shall be valid for up to one year and must specify:
 - a) The Related Party's name(s);
 - b) The transaction's nature, duration, maximum amount, and
 - c) The indicative base price/current contract price along with the formula for any price variation, if applicable, and
 - d) Any other conditions deemed appropriate by the Board.
- ii) The Board may also grant omnibus approval for unforeseen transactions without the above-specified details, provided the transaction value does not exceed INR 50,00,000/- (Indian Rupees Fifty Lakhs only) per transaction.
- ii) These Omnibus approvals shall remain valid for a maximum period of one year.
- iii) The Board shall conduct quarterly reviews of the Related Party Transactions entered into by the Company under such Omnibus approvals.

J. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

- i) If a Director or officer of the company enters into a transaction involving an amount not exceeding (INR 50,00,000/-) Indian Rupees Fifty Lakhs only without obtaining the required approvals and if such transaction is not ratified by the Board within three months from the transaction date, the Board reserves the right to void the transaction.
- ii) If any contract or arrangement is entered into by a Director or any other employee without obtaining the required approvals or approval by a resolution in the general meeting as per Section 188(1) of the Act, and if it is not ratified by the Board or the shareholders within three months from the date of entering into such contract or arrangement, it shall be voidable at the option of the Board or the shareholders, respectively.
- iii) If the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its conclusion, the matter shall be reviewed by the Board, and Board shall evaluate all relevant facts and circumstances, including the failure to report such transactions. Board may decide on ratification, revision, or termination of the transaction and may direct additional actions such as immediate discontinuation or rescission. In conducting such reviews, Board is authorized to modify or waive procedural requirements of this Policy.

K. Revised Disclosure and Reporting Requirements for Related Party Transactions:

I. Regulatory Guidelines:

- i) Statutory provisions outlined in Section 134(4) of the Act, in conjunction with Rule 8(2) of the Companies (Accounts) Rules, 2014, necessitate the disclosure of any contracts or arrangements with Related Parties, as per Section 188(1) of the Act, in the Board's Report. This disclosure, facilitated through Form AOC - 2, should include a comprehensive explanation for engaging in such contracts or arrangements.
- ii) Adherence to the requirements of Section 189 of the Act for maintaining records in the Register of Contracts.

II. Accounting Standards (Ind AS) 24:

- i) Under IND AS 24, the financial statements necessitate disclosures concerning relationships between a parent company and its subsidiaries, irrespective of transaction occurrences. This includes disclosing the name of the parent company and, if different, the ultimate controlling party. If neither entity provides publicly available consolidated financial statements, disclosure of the next most senior parent company that does so is required.
- ii) Disclosure of key management personnel compensation details, encompassing total compensation and detailed breakdowns for short-term benefits, post-employment benefits, long-term benefits, termination benefits, and share-based payments.
- iii) Thorough disclosure of related party transactions throughout the reporting period, encompassing the nature of relationships, transaction specifics, outstanding balances, commitments, and provisions for doubtful debts. This entails disclosing transaction amounts, outstanding balances, terms, conditions, guarantees, and recognized expenses for bad or doubtful debts due from related parties.
- iv) Segregation of disclosures for the parent company, entities with joint control or significant influence, and other related parties.

L. ADMINISTRATION OF THE POLICY

- i) If any provision within this Policy conflicts with or contradicts the requirements of applicable laws, the latter shall take precedence.
- ii) This Policy is subject to revision or amendment in alignment with applicable laws. Any subsequent changes, clarifications, guidance, circulars, etc., pertaining to the applicable laws shall supersede this Policy. The Policy will be automatically amended accordingly from the effective date specified by the relevant authority.
- iii) Any inquiries, clarifications, or suggestions regarding this Policy can be directed to the Company Secretary at Compliance@csa-advisor.com.