



**CREDITACCESS GRAMEEN LIMITED**

**RELATED PARTY TRANSACTION POLICY**



### Revision History

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1.	Company Secretary	Policy approved by the Board	May 30, 2020
2.	Company Secretary	Policy approved by the Board	May 06, 2021
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Version	Author	Reviewed By	Approved By
1.	Company Secretary	MD & CEO	Board of Directors
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3.	Company Secretary	MD & CEO	Board of Directors
4.	Company Secretary	MD & CEO	Board of Directors
4.	Company Secretary & CCO	Managing Director	Board of Directors
5.	Company Secretary & CCO	Managing Director	Board of Directors



## CONTENTS

1. PREAMBLE.....	4
2. PURPOSE.....	4
3. DEFINITIONS.....	4
3.1 IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS.....	6
3.2 PROHIBITIONS RELATED TO RELATED PARTY TRANSACTIONS .....	6
3.3 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS.....	7
3.4 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS.....	8
4. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY .....	8
5. EXEMPTION:.....	9
6. DISCLOSURE .....	9
7. LIMITATION:.....	9
8. REVIEW OF POLICY .....	9



## 1. PREAMBLE

The Board of Directors (the "Board") of CreditAccess Grameen Limited (the "Company" or "CA Grameen"), has adopted the following policy and procedures with regard to Related Party Transactions ("RPTs") as defined under the provisions of Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Regulations"). The Audit Committee will review and amend this policy from time to time, subject to approval of Board of Directors.

## 2. PURPOSE

This policy is framed to regulate transactions between the Company and its 'Related Parties' based on the laws and regulations applicable to CA Grameen. Such transactions are appropriate only if they are in the best interests of CA Grameen. Further, CA Grameen is required to disclose each year in its Financial Statements certain transactions between the Company and its Related Parties as well as policies concerning RPTs.

## 3. DEFINITIONS

**"Audit Committee or Committee"** means Audit Committee of Board of Directors of CA Grameen.

**"Board"** means Board of Directors of CA Grameen.

**"Intermediary or Insurance Intermediary"** includes insurance brokers, reinsurance brokers, insurance consultants, surveyors and loss assessors or as defined from time to time under the Insurance Regulatory & Development Authority of India Act, 1999.

**"Key Managerial Personnel"** means Key Managerial Personnel ("KMPs") as defined under the Companies Act, 2013, as amended from time to time.

**"Material Related Party Transaction"** means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or 10% (Ten percent) of the annual consolidated turnover of CA Grameen as per the last audited financial statements of CA Grameen, whichever is lower.

**"Material Modification"** shall mean and include any modification to an existing Related Party Transaction having variance of 20% (Twenty Percent) or more of the transaction value as previously approved by the Audit Committee/Board/shareholders of the Company, as the case may be.

**"Policy"** means Related Party Transaction Policy.

**"Promoter"** and **"Promoter group"** shall have the same meaning as assigned to them respectively in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.



**“Related Party”** means, an entity shall be considered as related to the CA Grameen if:

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013, including insurance intermediaries; or
- (ii) Such entity is a related party under the applicable accounting standards.

"Provided that:

- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- (b) any person or any entity, holding equity shares of:
  - (i) twenty per cent or more; or
  - (ii) ten per cent or more, with effect from April 1, 2023,

in CA Grameen either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediately preceding financial year, shall be deemed to be a related party.

**“Related Party Transaction”** 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 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 Securities & Exchange Board of India, from time to time.

- d) acceptance of current account deposits and saving account deposits by banks, including interest thereon, in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:
- e) retail purchases from by the Company or its subsidiary, its Directors or employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all Employees and Directors:"

### **3.1 IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS**

Each director and KMP is responsible for providing notice to the Board or Audit Committee of any potential RPT involving him/her or his/her Relatives, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy. CA Grameen strongly prefers to receive such notice of any potential RPT well in advance so that the Audit Committee/Board has adequate time to review information about the proposed transaction.

### **3.2 PROHIBITIONS RELATED TO RELATED PARTY TRANSACTIONS**

All RPTs and subsequent material modifications, if any, shall require prior approval of the Audit Committee, subject to compliance with other conditions specified under SEBI Regulations. However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by CA Grameen and its subsidiary subject to the following conditions:

- a) The Audit Committee will lay down the criteria for granting the omnibus approval in line with the policy on RPTs of CA Grameen and such approval shall be applicable in respect of transactions which are repetitive in nature. Such criteria can related to the urgency of entering into the RPT, the nature of such transactions, the estimated value of such transactions, unique terms and conditions which are specific to such transactions, the counterparty of the transaction, the mutual benefits to be accrued for each of the parties and such other matters as may be considered necessary by the Audit Committee from time to time.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of CA Grameen.
- c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit.

Provided that where the need for RPT 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. 10 lakh per transaction. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the



expiry of one year.

### **3.3 REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

RPTs will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any RPT will recuse himself/herself and abstain from discussion and voting on the approval of the RPT.

All related party transactions and its subsequent material modifications, if any, shall require prior approval of the Audit Committee in accordance with this Policy and only those members of the Audit Committee, who are Independent Directors, shall approve the related party transactions, including its material modifications.

Provided that remuneration and sitting fees payable by CA Grameen or its subsidiary to its Director, Key Managerial Personnel or Senior Management, except who is part of Promoter or Promoter Group, will not require approval of the Audit Committee, provided that the same is not material.

Provided further that fee and/or remuneration, if any payable by CA Grameen or its subsidiaries to its Directors, Key Managerial Personnel or Senior Management, who are related to Promoter or Promoter Group, will need prior approval of the Audit Committee.

To review a RPT, the Committee will be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to CA Grameen and to the Related Party, and any other relevant matters. In determining whether to approve a RPT, the Committee will consider the following factors, among others, to the extent relevant to the RPT:

- ✓ Whether the terms of the RPT are fair and on arm's length basis to CA Grameen and would apply on the same basis if the transaction did not involve a Related Party.
- ✓ Whether there are any compelling business reasons for CA Grameen to enter into RPT and the nature of alternative transactions, if any.
- ✓ Whether the RPT would affect the independence of an independent director.
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction.
- ✓ Whether CA Grameen was notified about the RPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to CA Grameen; and
- ✓ Whether the RPT would present an improper conflict of interest for any director or KMP of CA Grameen, taking into account the size of the transaction, the overall financial position of the director, Executive Officer or other Related Party, the direct or indirect nature of the director's, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the



Board/Committee deems relevant.

If the Committee determines that a RPT 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 RPT, then 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.

Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by CA Grameen or its subsidiaries pursuant to each of the omnibus approval given.

Notwithstanding the foregoing, the RPTs, subject to compliance with such conditions as specified under the SEBI Regulations, will not require prior approval of the Audit Committee, Board of Directors or shareholders of the Company.

### **3.4 APPROVAL OF MATERIAL RELATED PARTY TRANSACTIONS**

All Material Related Party Transactions and its subsequent Material Modifications, if any, shall require prior approval of the Shareholders of the Company by way of a Special Resolution, subject to compliance with relevant conditions as specified under the SEBI Regulations.

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

In the event CA Grameen becomes aware of an RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to CA Grameen, including ratification, revision or termination of the RPT.

The members of the Audit Committee, who are Independent Directors, may ratify RPTs within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- a) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year does not exceed rupees one crore;
- b) the transaction is not material related party transaction
- c) rationale for inability to seek prior approval for the transaction to be placed before the audit committee at the time of seeking ratification;
- d) the details of ratification to be disclosed along with the disclosures of related party transactions in terms of the provisions of Regulation 23(9) of the LODR Regulations;
- e) such conditions as may be specified by the Audit Committee:

Provided that failure to seek ratification of the Audit Committee will render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned has to indemnify CA Grameen against any loss incurred by it.



In any case, where the Committee determines not to ratify a RPT that has been commenced without approval, the 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 an RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the CA Grameen.

## **5. EXEMPTION:**

In case of following events / transaction, CA Grameen is not required to obtain prior approval of Audit Committee for RPT, omnibus approval of the Audit Committee and prior approval of shareholders for all Material RPT and subsequent material modifications:

- a) transactions entered into between CA Grameen and its wholly owned subsidiaries whose accounts are consolidated with CA Grameen and placed before the shareholders at the general meeting for approval.
- b) transactions entered into between two wholly-owned subsidiaries of CA Grameen, whose accounts are consolidated with CA Grameen and placed before the shareholders at the general meeting for approval.
- c) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between CA Grameen on one hand and the Central Government or any State Government or any combination thereof on the other hand.

## **6. DISCLOSURE:**

All disclosures in the Annual Report, financial statements or on the website of the Company pertaining to RPTs, payments made to directors, KMPs or senior management etc., will be subject to the applicable provisions as prescribed under SEBI LODR Regulations, Companies Act, 2013, the Rules made thereunder, as amended from time to time.

## **7. LIMITATION:**

In the event of any conflict between the provisions of this Policy and of the Listing Regulations /Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

## **8. REVIEW OF POLICY**

Audit Committee shall review and update the Policy once in every three years or within such intervals as may be decided by the Committee or mandated by any regulatory amendments, from time to time, and recommend it to the Board of Directors, for their approval.

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