



CIL Securities Limited



CIL SECURITIES LIMITED

RELATED PARTY TRANSACTION POLICY

Reviewed and updated on 26th July, 2025



RELATED PARTY TRANSACTION POLICY

Scope and Purpose of the Policy

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act"), and regulations framed by Securities and Exchange Board of India ("SEBI"). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") has mandated every listed company to formulate a policy on materiality of Related Party Transactions and on dealing with Related Party Transactions ("Policy").

In light of the above, CIL Securities Limited ("CIL") has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and;

(b) the manner of dealing with the transactions between the Company and its related parties based on the act and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

Related Party Transaction: "Related Party Transaction" is a transfer of any resources, services or obligations between the Company and a related party, regardless of whether a price is charged. (A transaction with a related party shall be construed to include single transaction or a group of transactions in a contract).

Related Party: An entity is considered as related to the company, if:

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or



(ii) Such entity is a related party under the applicable accounting standard.

{Under Section 2(76) of the Companies Act, 2013 “Related Party”, with reference to a company, means—

- a) a director or his relative;
- b) a key managerial personnel or his relative;
- c) a firm, in which a director, manager or his relative is a partner;
- d) a private company in which a director or manager is a member or director;
- e) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- f) any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- g) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
- h) any company which is—
 - i. a holding, subsidiary or an associate company of such company; or
 - ii. a subsidiary of a holding company to which it is also a subsidiary;
- i) such other person as may be prescribed.}

{Under Accounting Standard A “Related Party” is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the ‘reporting entity’).

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is



related to the others).

- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key Managerial Person: “Key Managerial Personnel”, in relation to a company, means—

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the Company Secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed.

Relative: “Relative” with reference to any person, means anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed. of whether a price is charged.

MATERIALITY THRESHOLDS

SEBI has revised the materiality threshold for obtaining shareholder approval, to cover transactions that exceed INR 1,000 Cr or 10% of the annual



consolidated turnover, whichever is lower. INR 1,000 Crore threshold may bring many more transactions within the ambit of shareholder approval as against only the 10% annual consolidated turnover criteria earlier.

Further, all material transactions and subsequent material modifications (as defined by the audit committee) will require prior approval of shareholders. No exception is provided for transactions undertaken at arm's length and in ordinary course like in case of Companies Act.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a. Identification of related parties and Identification of related party transactions

Every promoter, director and key managerial personnel (KMP) of the Company shall,

- a. at the time of appointment;
- b. periodically – as required by the Company or applicable law
- c. whenever there is any change in the information already submitted, provide requisite information about his / her Relatives and all firms, companies, body corporates, or other association of individuals, in which such promoter, director or KMP is interested, whether directly or indirectly, to the Company or the subsidiary/ Joint venture (as the case may be). Every such promoter, director and KMP shall also provide any additional information about the transaction that the Board /Audit Committee may reasonably request.

CIL has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Clause 49 of the Listing Agreement. CIL has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company seeks external professional opinion, if necessary.



Procedure for approval of related party transactions

Approval of the Audit Committee

1. All the transactions which are identified as Related Party Transactions and modifications thereof, shall be approved by the Audit Committee in the manner specified under the Listing Regulations. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.
2. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is
 - (i) not in the ordinary course of business, or
 - (ii) not at arm's length basis, would require approval of the Board or of shareholders, as detailed in subsequent paragraphs.
3. The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to such criteria / conditions as mentioned under the Act and the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company.
4. The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions and Material modifications thereof, entered into by the Company pursuant to the omnibus approval. Certain procedural aspects concerning review of a Related Party Transaction may be modified or waived by the Committee, at its discretion.
5. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
6. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for consideration, and ratification, if appropriate.
7. The Audit Committee shall also pre-approve Related Party Transactions, where the Company is not a party, but the Company's subsidiary is a



party, if the value of such transaction crosses the thresholds as prescribed under the Listing Regulations.

Approval of the Board of Directors of the Company

In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being

- (i) not in the ordinary course of business, or
- (ii) not at an arm's length basis,

the Board will inter alia consider factors such as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/ relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

Approval of the Shareholders of the Company

i. If a Related Party Transaction is

- (i) a material transaction as per Regulation 23 of the Listing Regulations, or
- (ii) not in the ordinary course of business, or not at arm's length basis and exceeds certain thresholds prescribed under the Act, then such Related Party Transaction and any subsequent Material modification thereto, shall require shareholders' approval by a resolution. In such case, any member of the Company who is a Related Party, irrespective of being related to the said transaction or not, shall not vote on resolution passed for approving such Related Party Transaction.

ii. The provisions of Regulation 23(2), (3) and (4) of the Listing Regulations shall not be applicable in case of transactions entered into between a holding company and its wholly owned subsidiary and between two wholly owned subsidiaries, whose accounts are consolidated with such holding company and



placed before the shareholders at the general meeting for approval.

iii. In the event the Company becomes aware of a Related Party Transaction that has not been approved under this Policy prior to its consummation, the Company would seek post facto approval from the Audit Committee, the Board and/or shareholders as per applicable laws/ regulations.

Reporting of Related Party Transactions

1. Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
2. The details of all transactions with Related Parties shall be submitted, in the prescribed format to the stock exchanges, and requisite disclosures shall be made in other public documents/ certificates as legally required, in the manner and as per the timelines set out in the Listing Regulations and the same shall be published on the Company's website.

DISCLOSURES

Disclosure of the Policy: This Policy will be uploaded on the website of the Company and a web link thereto shall be provided in the annual report.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a related party that has not been approved in accordance with 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 the related party transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.



In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

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The Company shall review this policy from time to time to ensure compliance of the amendments, if any, that may be made to the Regulations and other applicable laws.

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MANAGING DIRECTOR