

# RELATED PARTY TRANSACTION POLICY

## 1. Scope and Purpose

1. The Companies Act, 2013, along with the rules framed thereunder, and the applicable directions issued by the Reserve Bank of India ("RBI"), contain detailed provisions governing Related Party Transactions.
2. This Related Party Transaction Policy ("Policy") has been formulated in accordance with the requirements of the Companies Act, 2013 and RBI directions, with the objective of ensuring appropriate approval, disclosure, and reporting of transactions entered into between the Company and its Related Parties.
3. The Policy aims to establish adequate systems and procedures to identify, monitor, and manage Related Party Transactions and to address potential or perceived conflicts of interest in compliance with applicable laws and internal governance standards.
4. The Board of Directors recognizes that transactions with Related Parties may involve a higher risk of conflict of interest or the perception thereof. Accordingly, all such transactions shall be conducted in a transparent manner, without any preferential treatment, and with necessary approvals and disclosures as required under applicable laws.
5. This Policy shall apply to:
  - Identification of Related Parties and maintenance of an updated database
  - Identification of Related Party Transactions
  - Identification of Material Related Party Transactions and material modifications thereto
  - Determination of whether transactions are in the ordinary course of business and on an arm's length basis
  - Obtaining necessary approvals prior to entering into Related Party Transactions
  - Obtaining shareholder approval for material Related Party Transactions, wherever required
  - Laying down criteria for omnibus approvals
  - Documentation of arm's length pricing of transactions
  - Determination and disclosure of information relating to Related Party Transactions.

## 2. Regulatory Reference

This Policy has been formulated in accordance with the following applicable laws, regulations, and standards, as amended from time to time:

1. **Companies Act, 2013**  
Relevant provisions including Sections 2, 177, and 188 of the Act.
2. **Indian Accounting Standards (Ind AS 24)**  
Related Party Disclosures issued under the applicable accounting framework.

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3. **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**  
Including Regulation 2 and Regulation 62K, to the extent applicable to the Company.
4. **Companies (Meetings of Board and its Powers) Rules, 2014**  
Including Rule 15 relating to Related Party Transactions.

This Policy shall be read in conjunction with the above regulatory frameworks and any amendments or clarifications issued thereunder from time to time.

### **3. Definitions**

For the purpose of this Related Party Transaction Policy, unless the context otherwise requires, the following terms shall have the meanings assigned to them below. Terms not defined herein shall have the meanings assigned to them under the applicable laws.

#### **3.1.1 Act**

“Act” means the **Companies Act, 2013**, including any amendments, modifications, re-enactments, notifications, circulars, or orders issued thereunder from time to time.

#### **3.1.2 Applicable Laws**

“Applicable Laws” shall mean the Companies Act, 2013, rules framed thereunder, applicable RBI directions governing Non-Banking Financial Companies, 2015, relevant accounting standards issued by the Institute of Chartered Accountants of India, and any other laws, regulations, circulars, or guidelines relating to Related Party Transactions, as amended from time to time.

#### **3.1.3 RBI SBR Directions**

“RBI SBR Directions” shall mean the **Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023**, including any amendments thereto.

#### **3.1.4 Related Party**

A “Related Party” shall mean:

1. A related party as defined under Section 2(76) of the Companies Act, 2013; or
2. A related party as defined under Ind AS 24; or
3. Any person or entity forming part of the promoter or promoter group of the Company; or
4. Any person or entity holding ten percent (10%) or more of the equity share capital of the Company, directly or beneficially, at any time during the immediately preceding financial year.

### **3.1.5 Key Managerial Personnel**

“Key Managerial Personnel” shall mean:

1. Chief Executive Officer, Managing Director, or Manager;
2. Company Secretary;
3. Whole-time Director(s);
4. Chief Financial Officer;
5. Such other officer, not more than one level below the Directors, who is in whole-time employment and designated as KMP by the Board; and
6. Any other officer as may be prescribed under applicable laws.

### **3.1.6 Related Party Transaction**

A “Related Party Transaction” means a transaction involving transfer of resources, services, or obligations between:

1. The Company and its Related Party; or
2. The Company and any other person or entity, where the purpose or effect of such transaction is to benefit a Related Party,  
whether or not a price is charged, and shall include a single transaction or a series of related transactions under a contract or arrangement.

Certain corporate actions uniformly applicable to all shareholders, acceptance of fixed deposits on uniform terms, and retail purchases by directors or employees on standard terms shall not be treated as Related Party Transactions, in accordance with applicable laws.

### **3.1.7 Arm’s Length Transaction**

An “Arm’s Length Transaction” means a transaction between Related Parties conducted as if they were unrelated, ensuring that there is no conflict of interest and that the terms are comparable to those prevailing in the open market.

### **3.1.8 Material Related Party Transaction**

A “Material Related Party Transaction” shall mean:

For the purposes of the Companies Act, 2013, transactions exceeding the limits prescribed under Section 188 and related rules.

### **3.1.9 Material Modification**

“Material Modification” shall mean any change to an approved Related Party Transaction that results in a variance of ten percent (10%) or such other threshold as may be determined by the Audit Committee. All other terms not defined herein shall have the meanings assigned to them under Applicable Laws.

### **3.2.1 Identification of Related Parties**

1. Every Director and Key Managerial Personnel shall provide declarations specifying the name and Permanent Account Number (PAN) of any person or entity that qualifies as a Related Party of the Company in accordance with this Policy.
2. Such declarations shall include details of relatives, as well as disclosures of direct or indirect interest in any company, body corporate, firm, or association of individuals, including shareholding, directorship, partnership, membership, or any other form of association, to enable identification of Related Parties.
3. The Company Secretary shall identify other persons or entities that may be regarded as Related Parties based on the relationships defined under this Policy, on a periodic basis, using information available or through such enquiries as may be considered necessary.
4. A comprehensive list of Related Parties shall be prepared and maintained by the Company Secretary based on the declarations and information received from Directors, Key Managerial Personnel, and other identified persons or entities.
5. The list of Related Parties shall be circulated to the finance and relevant departments to ensure adherence to this Policy while entering into transactions.
6. The Board of Directors or the Audit Committee may prescribe procedures for declaration, compilation, updating, and circulation of the list of Related Parties from time to time.

### **3.2.2 Identification of Potential Related Party Transactions**

1. Every officer of the Company who is authorised to enter into any transaction shall be responsible for informing the Secretarial Department about any potential transaction involving a Related Party, based on the comprehensive list of Related Parties circulated by the Company Secretary.
2. The Board of Directors, through the Secretarial Department, shall examine whether the proposed transaction qualifies as a Related Party Transaction and whether it requires compliance with this Policy and applicable laws.
3. The Company shall endeavour to ensure that details of any potential Related Party Transaction are communicated well in advance, so that the Audit Committee or the Board, as applicable, has sufficient time to review the transaction and obtain all necessary information before granting approval.

## 4. Approval of Related Party Transactions

### 4.1 Audit Committee Authorization

1. Any Related Party Transaction, including significant amendments or changes, must be **approved in advance** by the Audit Committee.
2. Only those members of the Audit Committee who qualify as **Independent Directors** are permitted to approve such transactions.
3. The Audit Committee may provide **general (omnibus) approval** for frequently recurring transactions with Related Parties, subject to compliance with the Companies Act, 2013 and SEBI Listing Regulations.
4. Before granting any omnibus approval, the Committee shall evaluate:
  - o Whether similar transactions have taken place previously.
  - o The commercial necessity and rationale of entering into the transaction.
5. The Committee must be satisfied that omnibus approvals align with the Company's interests and relate to **repetitive business transactions**.
6. Omnibus approvals will remain valid for **one financial year**, after which a fresh approval shall be required.
7. Omnibus approvals **shall not apply** for transactions involving sale, transfer, or disposal of a substantial undertaking of the Company.
8. The Committee shall record all required details and parameters of the transaction, as prescribed under applicable regulations.
9. If a transaction is not approved by the Audit Committee, it may forward its recommendation to the Board for further evaluation.
10. Transactions specifically exempted under applicable legal provisions shall not require prior approval.
11. Regular payments to Directors, KMP, or Senior Management such as **remuneration or sitting fees**, which are not material in nature, do not require Committee approval (provided recipients are not part of promoter / promoter group).
12. The Audit Committee shall **review all approved transactions every quarter**, including those approved under omnibus permissions.

### 4.2 Post-Approval Ratification

1. If a Related Party Transaction is executed without prior approval, the Audit Committee may retrospectively regularize the transaction subject to:
  - o The transaction not being classified as material
  - o Justification being provided for the delay in seeking approval
  - o Disclosure being made in the required format.
2. If ratification is not granted, the transaction may be treated as **invalid at the discretion of the Audit Committee**.

3. Where a Director or employee is connected with the Related Party, such person shall be obliged to **compensate the Company** for any loss incurred due to the transaction.

## 4.3 Board Approval

1. Any Related Party Transaction **outside the normal scope of business operations** must be submitted to the Board for sanction.
2. Directors who are personally interested shall **abstain** from the discussion and voting on that particular agenda item.
3. Transactions that are **not undertaken on an arm's length basis** shall be placed before the Board with the Audit Committee's comments and recommendations.
4. The Board shall consider, among other factors:
  - o Relationship and identity of the Related Party
  - o Commercial terms and monetary value
  - o Justification for undertaking the transaction
  - o Fairness and arm's length nature of pricing
  - o Potential alternatives
  - o Conflict of interest concerns
  - o Risks to reputation or governance
  - o Requirement for shareholder consent
  - o Any information necessary for informed decision-making.

## 4.4 Debenture Trustee / Debenture Holder Consent

1. Where legally required, **Material Related Party Transactions** or significant modifications shall be executed only after obtaining a **No Objection Certificate (NOC)** from the Debenture Trustee.
2. The Debenture Trustee shall seek consent from holders of debentures representing **over 50% of outstanding value**, excluding those classified as Related Parties.
3. In situations where exemption is permitted under the law, obtaining such NOC shall not be necessary.

## 4.5 Approval by Shareholders

1. After approvals from the Audit Committee and Board, transactions that statutorily require member consent shall be placed before shareholders in a general meeting.
2. Material Related Party Transactions and material amendments shall be approved through an **ordinary resolution**, subject to other legal conditions.
3. **Related Parties are prohibited from voting** on such resolutions, irrespective of their interest or involvement in the transaction.
4. Transactions that are exempt under applicable law shall not be placed before shareholders.

## 5. Reporting of Related Party Transactions

1. When submitting a Related Party Transaction for approval to the Audit Committee, Board of Directors, or Shareholders, the management shall provide all relevant information, supporting documents, commercial justifications, and disclosures as required under Applicable Laws, to enable an informed review and decision.
2. Every contract or arrangement with a Related Party that is required to be approved by the Board or Shareholders shall be appropriately disclosed in the Board's Report, together with the rationale for entering into such a transaction.
3. The Company shall disclose Related Party Transactions in its **Financial Statements** and **Annual Report** as mandated under the Companies Act, 2013, RBI directions, SEBI Listing Regulations, and applicable accounting standards.
4. In accordance with the SEBI Listing Regulations, the Company shall submit to the stock exchanges, along with its half-yearly financial results, a disclosure statement of Related Party Transactions in the format specified by SEBI, and shall also make this information available on its official website.
5. Details of **Material Related Party Transactions** shall be disclosed to the Stock Exchange(s) along with the Quarterly Corporate Governance Report, in line with the requirements of the SEBI Listing Regulations.
6. The Company shall maintain statutory **registers or records** in accordance with the applicable provisions of law, and such records shall contain particulars of all Related Party Transactions entered into by the Company.

## 6. Document Control

1. The **Secretarial Department** shall act as the custodian of this Policy and will maintain the original, updated, and approved versions of the document.
2. This Policy is confidential and intended solely for internal governance and compliance purposes of **Chhotaria Securities Pvt. Ltd.**. It shall not be shared externally without proper authorization.

## 7. Revisions to the Policy

1. This Policy shall be reviewed at least once every year, or earlier if required due to changes in regulations or internal processes relating to Related Party Transactions.
2. In case of amendments to any Applicable Laws that impact this Policy, the Policy shall automatically be read in alignment with such changes until the revised version is formally implemented.
3. The Secretarial Department shall evaluate any proposed changes and recommend the same to the Board of Directors. The Board may accept or reject the recommendations, and if accepted, ensure that an updated version is circulated to all relevant stakeholders.
4. Upon approval of revisions by the Board of Directors, the Compliance Department shall update the document and distribute the revised Policy for implementation across all concerned departments.

## 8. Persons & Departments Involved

1. Compliance with this Policy is **mandatory** for all departments and personnel involved in processing, approving, reviewing, documenting, or monitoring Related Party Transactions at **Chhotaria Securities Pvt. Ltd.**
2. No deviation from this Policy is permitted unless:
  - o Such deviation is necessary to comply with the Reserve Bank of India regulations or any statutory or regulatory requirement; and
  - o Proper approvals are obtained as per applicable governance protocols.

## 9. Disclosure of the Policy

1. This Policy shall be published on the **official website** of the Company in accordance with the requirements of Applicable Laws.
2. A reference or web link to this Policy shall be included in the Company's **Annual Report**, wherever mandated.
3. The Policy shall also be submitted to regulatory authorities or stock exchanges, as required under the relevant statutory and compliance framework.
4. All persons involved in processing and approving RPTs shall maintain confidentiality of information and shall not use such information for personal benefit.

Chhotaria Securities Pvt Ltd

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Director