

## RELATED PARTY TRANSACTION POLICY

### **1. Preamble**

The Board of Directors (the "Board") of Coal India Limited (the "Company", "CIL"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review and may amend this policy from time to time.

This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

### **2. Purpose [Refer 49 VII(C) and 49 VIII(A)]**

This policy is framed as per requirement of Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and intended to ensure the proper approval and reporting of transactions between the Company and its Related Parties. The Company is required to make disclosures regarding related party transactions in its financial statements.

### **3. Definitions**

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Companies Act, 2013.

**"Board"** means Board of Directors of the Company.

**"Key Managerial Personnel"** mean key managerial personnel as defined under the Companies Act, 2013 and includes,

- (i) Managing Director, or Chief Executive Officer ;
- (ii) Chief Financial Officer; and
- (iii) Company Secretary.

**"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 ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company. [Refer 49VII(C)]

**“Policy”** means Related Party Transaction Policy as per Clause-49 of the Listing Agreement.

**“Related Party”** means related party as defined in Clause 49 of the Listing Agreement which is as follows:

For the purpose of Clause-49VII(B), an entity shall be 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 standards.

**“Related Party Transaction”** is a transfer of resources, services or obligations between a 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. *[Refer 49VII(A)]*

**“Relative”** *[Refer Sec-2(77) and Rule-4]* means relative as defined under the Companies Act, 2013 and includes any one who is related to another, if-

- i.) They are members of a Hindu undivided family; ii) They are husband and wife;
- iii) Father (including step-father); iv) Mother (including step-mother); v) Son (including step-on); vi) Son’s wife; vii) Daughter; viii) Daughter’s husband;
- ix) Brother (including step-brother); x) Sister (including step-sister)

#### **4. Policy** *[Refer Clause-49VII(D)]*

4.1 All Related Party Transactions shall require prior approval of the Audit Committee. If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case choose to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Related Party transaction should be approved by the Board.

Further the Audit Committee may grant omnibus approval for certain Related Party Transactions proposed to be entered into by the company subject to the following conditions:

- a) The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and

such approval shall be applicable in respect of transactions which are repetitive in nature;

- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- 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 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.

- d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

4.2 **All material Related Party Transactions** shall require approval of the shareholders through special resolution and the related parties shall abstain from voting on such resolutions [*Refer Clause-49(VII)(E)*].

4.3 **Exempted transactions from purview of above policy.** [*Refer Clause-49 VII(E)*]

Sub-clause 49 (VII) (D) and (E) shall not be applicable in the following cases:

- (i) transactions entered into between two government companies;
- (ii) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

**Explanation(i):** For the purpose of Clause 49(VII), "Government company" shall have the same meaning as defined in Section 2(45) of the Companies Act, 2013.

**Explanation(ii):** For the purpose of Clause 49(VII), all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

## **5. Identification of Potential Related Party Transactions**

Each director and key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract. [*Refer 49VII(A)*]

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee / Board has adequate time to obtain and review information about the proposed transaction.

## **6. Review and Approval of Related Party Transactions**

Related Party Transactions 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 Related Party Transaction will recuse himself or herself and abstain from discussion and voting on the approval of the related party transaction.

## **7. Other Provisions regarding Related Party Transactions**

The above policy framed as per the requirement of Clause-49 of the Listing Agreement, is however, subject to the provisions of Companies Act, 2013 and relevant Accounting Standard -18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

*Once approved, all references in italics will be deleted while posting on website.*