

Cyient Limited

POLICY ON RELATED PARTY TRANSACTIONS
(January 2025)

Key Policy Information:

Policy reference number	Policy Owner	Policy Approver	Creation date
Unique number to be provided by Secretarial team to each policy. Once allotted, the number cannot be changed (Structure of the unique number to be decided)	Company Secretary	Board of Directors	23 January 2025

TABLE OF CONTENTS

Title	Page No.
1. Background	3
2. Purpose	3
3. Definitions	3
4. Policy	6
5. Related Party Transactions not approved under this Policy	9
6. Disclosure and Reporting	11
7. Review and amendments	11

1. BACKGROUND

The Board of Cyient Ltd (“Company”) has adopted the following policy and procedures with regard to dealing with Related Party Transactions (“RPTs”) and materiality of RPTs in line with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR 2015”)

The Audit Committee will review and amend this Policy from time to time. The Board will review this Policy at least once in three (3) years.

2. PURPOSE

The Companies Act, 2013 (“CA 2013”) read with the Rules made thereunder has specific provisions relating to RPTs, specifying the process of approval (including related financial limits), disclosure and reporting of RPTs. Further, Regulation 23 of LODR 2015 has also prescribed certain approval requirements regarding RPTs and material modifications thereto, determination of material RPTs, disclosure and reporting of RPTs etc.

The purpose of this Policy is to govern transactions between the Company or its subsidiaries and their Related Parties based on the abovementioned laws and regulations that are applicable to the Company.

3. DEFINITIONS

3.1 “**Accounting Standards**” shall mean the Accounting Standards issued by Institute of Chartered Accountants of India or any other competent authority from time to time under the applicable laws.

3.2 “**Arm’s Length Transaction (ALP)**” shall mean a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.

For determining the Arm’s length nature of a transaction, apart from price/ cost, other terms and conditions such as tenure, credit period, payment terms, etc. are also to be considered.

3.3 “**Audit Committee / Committee**” means the Audit Committee constituted by the Board of the Company from time to time as per the provisions of Section 177 of the CA 2013 and Regulation 18 of the LODR 2015.

3.4 “**Board**” means Board of Directors of the Company, as constituted from time to time.

3.5 “**CA 2013**” means the Companies Act, 2013 and rules made thereunder, as amended from time to time.

3.6 “**Company**” means Cyient Limited.

3.7 “**Control**” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

3.8 **"LODR 2015"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

3.9 **"Key Managerial Personnel (KMP)"** means key managerial personnel as defined under the Companies Act, 2013 and includes:

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- (ii) Company Secretary; Chief Financial Officer;
- (iii) Such other officer, not more than one level below the Directors who is in whole- time employment, designated as Key Managerial Personnel by the Board; and
- (iv) Such other officer as may be prescribed under the Securities and Exchange Board of India Act, 1992, as amended.

3.10 **"Material RPT"** means a transaction with a Related Party where the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds INR 1,000 Crores or ten (10) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the company, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five (5) percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

3.11 **Material Modification** means any subsequent change to an existing RPT involving:

- i. A variance of 20% in the existing value of the transaction or INR 10 crores whichever is lower; or
- ii. A significant change in the tenure of the contract/ transaction; or
- iii. Modification resulting in the RPT no longer meeting the arm's length principle or Ordinary Course of Business test; or
- iv. Novation of parties, addition of parties, etc.; or
- v. Any other change in the terms and conditions of the contract/ transaction considered as material by the Audit Committee.

3.12 **"Ordinary Course of Business (OCB)"** shall include a situation where a transaction:

- is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MoA) of the Company as amended from time to time; or
- represents a business activity where the income, if any, earned from such activity is treated as business income in the Company's books of accounts, or common commercial practice or industry practice, even though the Company may have not done so in the past; or
- is frequent or repetitive or carried out historically by the Company; or
- meets any other parameters / criteria as decided by the Board/Audit Committee.

Individually, none of the above parameters can by themselves, trigger a conclusion on a transaction being in the ordinary course of business. A conclusion must be reached after considering multiple parameters.

3.13 **"Policy"** shall mean this Related Party Transactions Policy

3.14 **"Related Party"** shall have the same meaning as defined under Regulation 2(1)(zb) of the LODR 2015.

3.15 **"Related Party Transaction or RPT"** shall mean a transaction with a Related Party as envisaged in Regulation 2(1)(zc) of the LODR 2015, as amended from time to time.

3.16 **"Relative"** in relation to a Related Party shall have the same meaning assigned in Section 2(77) of the CA 2013.

3.17 **"Rules"** shall mean the Companies (Meetings of Board and its Powers) Rules, 2014.

3.18 **"SEBI"** means the Securities and Exchange Board of India.

3.19 **"Transaction"** shall mean a single transaction or a group of transactions.

Capitalised terms used in this Policy and not defined above shall have the same meaning as assigned to them under the CA 2013 or LODR 2015 or any other applicable law or guidelines.

4. POLICY

4.1 Identification of Related Parties

The Company has separately formulated guidelines for identifying and updating the list of Related Parties as prescribed under Section 2(76) of the CA 2013 read with the Rules framed thereunder and Regulation 2(1)(zb) of the LODR 2015.

The Company Secretary shall be responsible for maintaining an updated list of Related Parties and this shall be reviewed by the Audit Committee annually.

4.2 Identification of Potential Related Party Transactions

The Company shall, prior to entering into a transaction, verify whether the party(ies) involved include(s) any Related Party forming part of the list maintained by it. The Company has separately formulated guidelines for identification of RPTs in accordance with Section 177 and Section 188 of the CA 2013 and Regulation 2(1)(zc) of the LODR 2015. The Company has also formulated guidelines for determining whether its transactions are undertaken in the Ordinary Course of Business and on Arm's Length Basis.

Each Director and KMP is responsible for providing notice to the Board or Audit Committee, of any potential RPT involving him or her or his or her Relatives, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

The Board/Audit Committee will determine whether the transaction does, in fact, constitute an RPT requiring compliance with this Policy. Such notice should be submitted to the Audit Committee in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

4.3 Provisions related to RPTs

All RPTs and subsequent Material Modifications thereto shall require prior approval of the Audit Committee. Further, all Material RPTs and subsequent Material Modifications thereto shall require approval of the shareholders through a formal resolution (unless exempted under applicable law) and the Related Parties shall abstain from voting on such resolutions whether the entity is a Related Party to the particular transaction or not.

The steps to be followed by the Company before entering into an RPT will include the following:

- a) confirm that the transaction represents an RPT;
- b) determine whether the transaction is in the Ordinary Course of Business or otherwise;
- c) review the commercial terms involved in the transaction and analyse whether the transaction is being undertaken on 'Arm's length' basis, as if the parties are unrelated;

- d) consider the value of the transaction to determine if it is a Material RPT or Material Modification;
- e) determine the approval requirements applicable to the transaction in accordance with this Policy;
- f) prepare and maintain relevant documentation supporting the basis of its assessment;
- g) present the required details to the Audit Committee, Board or Shareholders for approvals as required; and execute the transaction once the approvals are obtained.

Audit Committee's decision on these aspects shall be final. Audit Committee could seek external advice to assist in decision making on these aspects or for that matter in dealing with any issues connected with RPTs.

4.4 Review and Approval of Related Party Transactions

Review of Related Party Transactions

To enable review of an RPT, the Audit Committee will be provided all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve an RPT, the Committee will be provided with the following information in relation to the proposed RPT:

- (i) Type, material terms and particulars of the proposed RPT;
- (ii) Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- (iii) Tenure of the proposed RPT;
- (iv) Value of the proposed RPT;
- (v) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed RPT:
Provided that for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided;
- (vi) If the RPT relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - details of the source of funds in connection with the proposed RPT;
 - where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, nature of indebtedness; cost of funds; and tenure;
 - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- (vii) Justification as to why the RPT is in the interest of the Company;
- (viii) A copy of the valuation or other external party report, if any such report has been relied upon;
- (ix) Any other information that may be relevant.

In determining whether to approve an RPT, the Committee will consider the following factors, among others, to the extent relevant to the RPT:

- (i) Whether the terms of the RPT are fair and on arm's length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- (ii) Whether there are any undue compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- (iii) Whether the RPT would affect the independence of the Directors/KMPs;
- (iv) Whether the proposed RPT includes any potential reputational risk issues that may arise as a result of

- or in connection with the proposed RPT;
- (v) Where the ratification of the RPT is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
 - (vi) Whether the RPT would present an improper conflict of interest for any Director or KMP of the Company, 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 Audit Committee determines that an 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 the 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.

4.4.1 Approval of Related Party Transactions

I. Approval of the Audit Committee

- Every RPT and subsequent Material Modification is subject to the prior approval of the Audit Committee, whether at a meeting or through a resolution by circulation or in any other manner as prescribed in the CA 2013, Rules made thereunder read with the Secretarial Standards issued by Institute of Company Secretaries of India ("ICSI") and the LODR 2015. Only the members of the Audit Committee who are Independent Directors shall approve the RPTs:

Provided that the remuneration and sitting fees payable by the Company or its subsidiary to its Director, KMP or senior management, other than those who are part of Promoter or Promoter group, shall not require approval of the Audit Committee provided that the same does not qualify as a Material RPT.

- The Audit Committee shall also pre-approve RPTs where the Company's subsidiary is a party, but the Company is not a party, if the value of the transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary.
- Further, the Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- The Audit Committee may grant omnibus approval for RPTs which are proposed to be entered into by the Company or its subsidiary which are recurring in nature, subject to the conditions prescribed under the CA 2013, Rules and LODR 2015 as amended from time to time. Such approvals shall be valid for a period not exceeding one financial year and shall require a fresh approval after expiry of such financial year.
- The Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the interest of the Company or its subsidiary, as the case may be.
- The omnibus approval shall specify:
 - a. the name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - b. the indicative base price / current contracted price and the formula for variation in the price if any; and
 - c. such other conditions as the Audit Committee may deem fit:

- Where the need for RPT cannot be foreseen and the aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.
- The maximum value of the transactions, in aggregate, which shall be allowed under omnibus route in a year will be 25% of the annual turnover of the Company.
- An RPT entered into by the Company or its subsidiary, which is not under the omnibus approval or not otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification. The members of the Audit Committee, who are independent directors, may ratify RPTs within 3 months from the date of the RPT or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:
 - (i) the value of the ratified RPT(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed INR 1 Crore;
 - (ii) the transaction is not a Material RPT;
 - (iii) rationale for inability to seek prior approval for the RPT shall be placed before the Audit Committee at the time of seeking ratification;
 - (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of Regulation 23 of LODR 2015; and
 - (v) any other condition as specified by the Audit Committee.
- The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company or its subsidiary, as the case may be and material modifications thereto, pursuant to each of the omnibus approvals given.
- The Audit Committee shall review and approve the RPT framework, if any, between the Company and its subsidiary companies, within a threshold of cumulative value not to exceed USD 10 Million (INR 843 million).
- In case of RPTs between the Company and its wholly owned subsidiaries referred to in Section 188 of the CA 2013, prior Audit Committee approval will need to be obtained, in line with the provisions of Section 177 of the CA 2013.
- In case of RPTs other than those transactions referred to in Section 188 of the CA 2013, where the Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

II. Approval of the Board of Directors of the Company

The Board shall approve all RPTs as are required to be approved under the CA 2013 and Rules and LODR 2015, after considering the information and documents placed before it. Based on the above, the following transactions require Board approval:

- RPTs specified under Section 188 of the CA 2013 which are either not in the Ordinary Course of Business or not at Arm's Length basis (even if undertaken between the Company and its wholly owned subsidiaries).
- All Material RPTs and subsequent Material Modifications thereto, before recommending them to the shareholders.

In addition to the above, the following kinds of RPTs shall also be placed before the Board for its

approval:

- RPTs in respect of which, the Audit Committee is unable to determine whether or not they are undertaken in the Ordinary Course of Business and/or on Arm's Length basis and decides to refer the same to the Board for approval.
- RPTs which are undertaken in the Ordinary Course of Business and on Arm's Length Basis, but which in Audit Committee's view require Board approval.
- RPTs that exceed the materiality thresholds defined in the Policy.

RPTs between two wholly owned subsidiaries of the Company do not require prior Board approval either under CA 2013 or LODR 2015.

III. Approval of the Shareholders of the Company

All Material RPTs and subsequent Material Modifications shall require prior shareholder approval through resolution (unless exempted under applicable law) and no Related Parties shall vote to approve such resolutions whether the entity is a Related Party to the particular transaction or not.

In addition to the above, all RPTs specified under Section 188 of the CA 2013 which:

- are not in the Ordinary Course of Business or not at arm's length basis; and
- exceed the thresholds laid down in the Rules shall be placed before the shareholders for their approval.

No shareholders' approval is required for transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated with it and placed before the shareholders at the general meeting for approval (irrespective of materiality or whether they are undertaken in the ordinary course of business or at arm's length).

Additionally, RPTs between two wholly owned subsidiaries of the Company do not require prior shareholders' approval either under CA 2013 or LODR 2015.

IV. Other requirements with respect to RPT approvals

The Company shall provide all the necessary information and documents as provided under the applicable law and as prescribed by SEBI from time to time, for review of the Audit Committee, Board and shareholders, in order to enable them to take an informed decision about the approval of a proposed RPT or material modification thereto, as applicable.

While considering any RPT, the Audit Committee, Board or shareholders as applicable, shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, any potential risks to the Company and any other relevant matters.

Any member of the Audit Committee or Board or a shareholder who has a potential interest in any RPT shall recuse himself/ herself and abstain from discussion and voting on the approval of the RPT in the respective meetings.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company 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 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 RPT in accordance with the applicable provisions of the applicable law.

In any case, where the Audit Committee decides not to ratify an RPT that has been commenced without approval, the Audit 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 to the extent that such modification or waiver is not inconsistent with the requirements of applicable law.

6. DISCLOSURE AND REPORTING

This Policy will be communicated to all operational employees and other concerned persons within the Company and shall also be placed on the website of the Company.

The Company shall disclose in the Board's Report, the requisite RPTs as envisaged in Section 188 of the CA 2013, in Form AOC-2 and in the Notes forming part of the Accounts, as required under the relevant Accounting Standards.

The Company shall submit disclosures of RPTs (including all ratifications) every six months, in the format specified by SEBI, to the stock exchanges on the date of publication of its standalone and consolidated financial results and publish the same on its website.

The Company shall also submit the details of all transactions with Related Parties on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and the same shall be published on the Company's website.

7. REVIEW AND AMENDMENT

The Board may at any time amend this Policy either pursuant to any change in law or otherwise. In case of any inconsistency between this Policy and the provisions of any applicable law (including any amendments thereof or circulars guidelines, regulations issued by the relevant authorities), the provisions of such law will prevail over the provisions of this Policy.