



# ASHIMA LIMITED

## **POLICY ON RELATED PARTY TRANSACTIONS**

(Revised by Board of Directors on 9<sup>th</sup> February, 2019 and further amended by Board of Directors on 5<sup>th</sup> February, 2022 and 14<sup>th</sup> May 2022 and effective from 01<sup>st</sup> April, 2022)

## 1. PREAMBLE

The Board of Directors (“the Board”) has adopted this Policy upon recommendation of the Audit Committee. This Policy is intended to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions.

## 2. PURPOSE

This Policy is framed based on the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [**“SEBI (LODR) Regulations”**] and amended from time to time with respect to Related Party and Related Party Transaction and also to comply with the provisions of Section 188 of the Companies Act, 2013 read with applicable Rules and is intended to ensure the governance and reporting of the Related Party Transactions (RPTs) between the Company and its Related Parties.

## 3. DEFINITIONS

**“Act”**: means the Companies Act, 2013 and the Rules framed thereunder including any modifications, amendments, clarifications, circulars or re-enactments thereof from time to time.

**“Arm’s Length Transaction”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**“Audit Committee or Committee”** shall have the same meaning as defined under Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations from time to time.

**“Board of Directors”** or **“Board”** means the Board of Directors of the Company.

**“Company”** means Ashima Limited.

**“Key Managerial Personnel”** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

**“Material Related Party Transaction”** means a Related Party Transaction which individually or taken together with previous transactions during a financial year, exceeds Rs.1000 Crore or 10% (ten percent) of the Annual Consolidated Turnover of the Company as per the last Audited Financial Statements of the Company, whichever is lower .

However, in case of transactions 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 5 % (Five percent) of the Annual Consolidated Turnover of the Company as per the last Audited Financial Statements of the Company.

**"Material Modification"** in terms of SEBI (LODR) Regulations means any modification(s) in the overall transaction value having a variance of 30% (thirty percent) or more, in the relevant previously approved related party transaction

**"Policy"** means current Related Party Transaction Policy of the Company including amendments, if any, from time to time.

**"Related Party"** means as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of SEBI (LODR) Regulations and as may be amended from time to time.

**"Related Party Transaction(s)" (RPTs)** means any transaction as defined under the Act, Rules made thereunder the Act and Regulation 2(1)(zc) of SEBI (LODR) Regulations and as may be amended from time to time.

**"Relative"** means a relative as defined under the Act.

**"Transaction"** with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (LODR) Regulations or any other applicable laws or regulations

#### **4. MATERIALITY THRESHOLDS**

Regulation 23 of the SEBI (LODR) Regulations requires a Company to provide materiality thresholds for the transactions beyond which approval of the shareholder through resolution will be required and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Pursuant to Regulation 23(1) and 23(1A) of the SEBI (LODR) Regulations, the materiality threshold limit of the Company shall be at the same level as prescribed under the said regulations and as appearing under the definition of "Material Related Party Transaction" in this Policy.

## 5. IDENTIFICATION OF RPTs

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

## 6. REVIEW AND APPROVAL OF RPTs

**Audit Committee:** Every Related Party Transaction and subsequent material modification thereto shall require prior approval of the Audit Committee whether at a meeting or by resolution by circulation, provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. However, the Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company with a Related Party, which are repetitive in nature, are in the ordinary course of business and on an arm's length basis, subject to compliance of the conditions contained in the Act and Regulation 23 of SEBI (LODR) Regulations.

An RPT to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.

With effect from April 1, 2023, an RPT to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into

individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary

The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

Any member of the Committee who is in any way, whether directly or indirectly, concerned or interested in any Related Party Transaction shall abstain from discussion and voting.

To review a Related Party Transaction, the Audit Committee shall be provided with the necessary information to the extent relevant with respect to the actual or potential RPTs and / or prescribed under the Companies Act, 2013 and Rules thereunder and the SEBI (LODR) Regulations.

**Board:** if the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under the Act or any law for Board to approve the Related Party Transaction then the Board shall consider and approve it and the consideration 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.

Any member of the Board who is in any way, whether directly or indirectly, concerned or interested in any Related Party Transaction shall abstain from discussion and voting.

**Shareholders:** All the Material RPTs and subsequent material modification shall require prior approval of the shareholders through resolution and no Related Party shall vote to approve such resolution whether the entity is a related party to the particular transaction or not.

In addition to above, all kind of transaction specified under Section 188 of the Act which (a) are not on an arm's length basis or not in the ordinary course of business; and (b) exceed the limits as prescribed under the Act shall require prior approval of the shareholders through resolution and no person/entity which is a Related Party in terms of the Act shall vote to approve such transaction.

**RPTs that shall not require approval:**

Following transactions shall not require separate approval under this policy:

- Any transaction pertaining to appointment and remuneration of Directors and KMPs that has already been approved by the Nomination and Remuneration Committee of the Company or the Board;

- Transactions that have been approved by the Board under the specific provisions of the Companies Act, e.g. inter-corporate deposits, borrowings, investments;
- Payment of Dividend;
- Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, scheme of arrangement, merger, demerger, hive-off, approved by the Board and carried out in accordance with the specific provisions of the Companies Act, 2013 or under SEBI (LODR) Regulations;

#### **7. 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 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 Related Party Transaction. The Audit Committee may examine the facts and circumstances of the case and take any such action as it may deem appropriate.

#### **8. DISCLOSURE**

Details of all Material Related Party Transactions shall be disclosed to the Stock Exchange quarterly along with the compliance report on corporate governance. The Company shall disclose the Policy on its website and web link shall be provided in the Annual Report.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the SEBI from time to time, and publish the same on its website in accordance with Regulation 23 (9) of SEBI (LODR) Regulations.

The Company shall disclose details of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount, in the Corporate Governance section of the Annual Report.

The Company shall disclose, in the Board's Report, transactions specified under Section 188 (1) of the Act with Related Parties, which are not ordinary course of business or not on an arm's length basis along with the justification for entering into such transactions.

## **9. REVIEW OF POLICY**

The policy shall be reviewed by the Board of Directors at least once every three years and updated as and when required.

## **10. AMENDMENT IN LAW**

The Audit Committee shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company. Any subsequent amendment / modification in the SEBI (LODR) Regulation and/or applicable Laws in this regard shall automatically apply to this Policy.

\*\*\*\*\*