



ASHIMA LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(Effective from 15th May, 2015)
(Revised by Board of Directors on 9th February, 2019)
(Revised by Board of Directors on 7th August, 2021)
(Revised by Board of Directors on 13th February, 2025)

PREAMBLE

As per Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s)/ amendment(s) / re-enactment(s) thereof] (“SEBI LODR”) and in terms of Section 188 of the Companies Act, 2013 requires a Company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the same, Ashima Limited has framed this Policy on Related Party Transactions (“Policy”) and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions (“Policy”) in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), with the Stock Exchanges in India. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

The Company is committed to monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

OBJECTIVE OF THE POLICY

To set out the materiality thresholds for related party transactions and the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of Listing Regulations and any other laws and regulations as applicable to the Company.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure the transparency in the conduct of RPTs in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

DEFINITIONS

(a) **"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.

(b) **Arm's Length Transaction:** Arm's Length Transaction means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

(c) **Audit Committee or Committee:** Audit Committee or Committee means the Committee of the Board constituted from time to time under the provisions of Regulation 23 of Listing Regulation and Section 177 of the Companies Act, 2013.

(d) **"Board of Directors" or "Board"** means the Board of Directors of the Company.

(e) **"Company"** means Ashima Limited.

(f) **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, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

vi) such other officer as may be prescribed

(g) **Material Related Party Transaction:** "Material Related Party Transaction" in terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations means a transaction with a Related Party where the transaction/transactions to be entered into individually or taken together with previous transactions with a Related Party during a financial year, exceeds Rs. 1000 crore or ten percent of the consolidated annual turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

However, 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 percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

(h) "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

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

(j) **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.

(k) **Related Party Transaction:** Related Party Transaction means transactions as given under clause (a) to (g) of Section 188(1) of the Act and the relevant Rules thereto and as defined in Regulation 2(1)(zc) of the Listing Regulations, as may be amended from time to time:

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

(m) "**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

IDENTIFICATION OF RELATED PARTY TRANSACTIONS

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 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 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.

REPORTING REQUIREMENTS BY MEMBERS OF THE BOARD

- The members of the Board and the key managerial persons shall disclose to the Board whether they have a material interest in any transaction or matter affecting the Company.
- The Board and the Key Managerial Persons shall conduct themselves in such a manner so as to meet the expectations of operational transparency to stakeholders while at the time maintain confidentiality of information in order to foster a culture for good decision making.
- The Board of Directors shall collectively monitor and manage potential risk of conflicts of interest of management, board members and shareholders including misuse of corporate assets and abuse in related party transactions.

- Members of the Board should be required to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.
- Where any Director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- The Company would ensure that All Related Party Transactions are pre-approved by the Audit Committee.

Prior approval of Audit Committee

- All Transactions with Related Party of the Company as prescribed under the Act and LODR and subsequent material modifications shall require prior approval of Audit Committee, whether at a meeting or by Resolution by circulation.

Only the Members of the Audit Committee, who are independent directors, shall approve related party transactions.

- A related party transaction 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.

Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing regulations are applicable to such listed subsidiary.

- However, the Audit Committee may grant omnibus approval for such Transactions proposed to be entered into by the Company or its subsidiaries 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 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 the following:

- (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, atleast on a quarterly basis, the details of RPTs entered into by the company or its subsidiaries pursuant to each of the omnibus approval given.

e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

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

Prior approval of Board of Directors under the Act

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.

RPTs within the scope of Section 188 of the Act, which are either not in the Ordinary Course of Business or are not at Arms' Length shall require prior approval of the Board of Directors.

In the above context, where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement, and shall also not vote on such resolution.

Shareholders' approval requirements

- The approval of the shareholders by way of a resolution shall be taken for the material related party transaction as per the applicable provisions of the Companies Act, 2013 (save & except the transaction entered into in the ordinary course of business which are done at arms' length price) or Listing Regulations, as amended from time to time.

- The Company while seeking such approval of shareholders shall ensure that all the entities falling under the definition of related parties shall abstain from voting on such resolutions.

- The Related Party Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval, shall not require approval of the audit committee, board or shareholders.

- 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.

- Provided further that the provisions pertaining to:
 - Prior approval of the Audit Committee for all RPTs;
 - Omnibus approval for RPTs; and
 - Prior approval of audit committee, board or shareholders for Material Related Party Transactions and subsequent Material Modifications

shall not be applicable when the transactions are entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

Transactions which do not require approval

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - (i) payment of dividend;
 - (ii) subdivision or consolidation of securities
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities
- (c) retail purchases from the Company or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.
- (d) The remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group provided that the same is not material in terms of the provisions of Regulation 23(1) of SEBI LODR

Materiality Thresholds:

Regulation 23 of LODR requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.

The Company has fixed the following materiality threshold for the purpose of Regulation 23(1) of LODR:

Sr. No.	Description of Transaction	Threshold Limits
1	Sale, purchase or supply of any goods or materials	10% or more of the turnover of the Company
2	Selling or otherwise disposing of or buying property of any kind	10% or more of the net worth of the Company
3	Leasing of property of any kind	10% or more of the turnover of the Company
4	Availing or rendering of any services	10% or more of the turnover of the Company
5	Appointment to any office or place of profit in the Company	Monthly remuneration exceeding rupees two and half lakh rupees
6	Underwriting the subscription of any securities or derivatives	Remuneration exceeding 1% of the net worth of the Company
7	Payment to a Related Party with respect to brand usage or royalty	5% of the annual consolidated turnover of the Company

Explanation: all the transactions mentioned above should be taken individually or together with previous transactions during a financial year and the annual consolidated turnover and net worth shall be computed on the basis of last audited financial statements of the Company.

RATIFICATION OF THE RELATED PARTY TRANSACTIONS

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:

- i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- ii) the transaction is not material in terms of the provisions of Regulation 23(1) of SEBI LODR;
- iii) rationale for inability to seek prior approval for the transaction 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 Regulation 23(9) of SEBI LODR;
- v) any other condition as specified by the Audit Committee:

Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a party related to any

director, key managerial personnel and promoters, or is authorised by any other director, key managerial personnel and promoters, the concerned director, key managerial personnel and promoters shall indemnify the Company against any loss incurred by it.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of any Related Party Transactions that has not been approved under this policy, prior to its consummation, the matter shall be reviewed by the Audit Committee. Audit Committee may consider all of the relevant facts and circumstances regarding the Related Party Transactions and may evaluate all the options available with the Company, including ratification, revision or termination of such Transaction. Audit Committee may 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 internal control systems, and may 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 action 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, to the extent it does not violate the provisions of Companies Act, 2013 and the Listing Regulations.

REPORTING

- The Company is committed to disclose the details of all material transactions with related parties quarterly along with the compliance report on corporate governance.

The Company shall submit information related to RPTs to the stock exchanges every six months, in the format specified by the SEBI LODR, simultaneously with the publication of financials and also publish the same on its website.

Provided that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or

promoter group, shall not require disclosure provided that the same is not material in terms of the provisions of sub-regulation (1) of SEBI LODR.

- The Company shall disclose policy on dealing with Related Party Transactions on its website and also in the Annual Report.

PROTECTED DISCLOSURE

All Protected Communication / Disclosures should be addressed to Compliance Officer of the Company.

POLICY REVIEW

This policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

AMENDMENTS:

The board of directors and the Audit Committee of the Company reserves the right to make amendments to Policy on Related Party Transactions. Any subsequent amendment / modification in the SEBI (LODR) Regulation and/or applicable Laws in this regard shall automatically apply to this Policy.
