

# **ASTRAL LIMITED**

## **Policy on Materiality of Related Party Transactions and dealing with Related Party transactions**

**TITLE:**

This Policy shall be called '**Policy on materiality of Related Party Transactions and dealing with Related Party Transactions**'.

**OBJECTIVE:**

Related Party Transactions have been one of the major areas of focus for the corporate governance reforms being initiated by Indian legislature.

The changes introduced in the Corporate Governance norms through the Companies Act, 2013 (Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations require the companies to have enhanced transparency and due process for approval of the Related Party Transactions.

One such requirement is that the companies are required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

**DEFINITIONS:**

**"Policy"** means this Policy, as amended 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"** means the audit committee constituted by the Board of Directors of the Company in accordance with applicable law, including the SEBI (Listing Obligations and Disclosure Requirements) Regulations and the Companies Act, 2013.

**"Board"** means the Board of Directors of Astral Limited.

**"Company"** means Astral Limited.

**"Related party"** means a related party as defined under the SEBI (Listing Obligations and Disclosure Requirements) Regulations read with sub-section (76) of section 2 of the Companies Act, 2013 or the applicable accounting standards.

**"Related Party Transaction"** means transactions as defined under the SEBI (Listing Obligations and Disclosure Requirements) Regulations including any modification(s) / amendment(s) / re-enactment(s) thereof.

**"Material modification"** will mean and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee/Board/shareholders, as the case may be.

**"Industry Standards"** shall mean the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as notified by SEBI vide its circular dated February 14, 2025.

**"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 the thresholds specified in Schedule XII of the regulations as follow:

Consolidated Turnover of Company Threshold	Threshold
i. Up to ₹ 20,000 Crore	10% of the annual consolidated turnover of the listed entity
ii. More than ₹ 20,000 Crore to upto ₹ 40,000 Crore	₹ 2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹ 20,000 Crore
iii. More than ₹ 40,000 Crore	₹ 3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹ 40,000 Crore or ₹ 5,000 Crore, 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.

**All material related party transactions and subsequent material modifications shall require prior approval of the shareholders through resolution.** Provided that (1) 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 and (2) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval, shall not require approval of the Shareholders.

**no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.**

#### **Identification of Related Parties:**

- ❖ Each Director and Key Managerial Personnel (KMP) is responsible for providing notice to the Board regarding persons and entities to be considered as “Related Parties” by virtue of his/her being Director/ KMP in the company. Such Notice shall be provided to the company at the time of appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.
- ❖ The Company will identify potential transactions with Related Parties based on written notices of concern or interests received from its Directors / KMP in the manner prescribed in the Companies Act, 2013 and the rules thereunder.

#### **APPROVAL OF RELATED PARTY TRANSACTIONS:**

Under provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, all Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

#### **Provided further that:**

- a related party transaction above Rs. 1 Crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:

- (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations.

- In the event of a related party transaction above Rs. 1 Crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

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

- 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 approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

Provided further that (1) 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 and (2) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval, shall not require approval of the Audit Committee.

Under the provisions of the Act, the related party transaction shall not require approval of the Audit Committee, where the transactions are other than transactions referred to in section 188, between holding company and its wholly owned subsidiary.

Subject to compliance with Rule 6A of the Companies (Meetings of the Board and its Powers) Rules, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company which are repetitive in nature subject to compliance of the following conditions as contained in the SEBI (Listing Obligations and Disclosure Requirements) Regulations as amended from time to time:

- 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, atleast on a quarterly basis, the details of RPTs entered into by the company 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 Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and/or transactions referred to it by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the prior approval of shareholders of the Company through ordinary resolution and the Related Party shall abstain from voting on such resolution(s).

## **DISCLOSURES**

Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose policy on dealing with Related Party Transactions on its website and web link thereto shall be provided in the Annual Report.

The Company shall also make specific disclosures for the review and approval of Related Party Transactions in the Audit Committee Meeting and/or General Meeting as the case may be, as prescribed in the Industry Standard Note issued by the Industry Associations under the aegis of the Stock Exchanges from time to time, in this regard.

## **THRESHOLD LIMITS OF TRANSACTIONS WITH RELATED PARTIES**

Regulation 23 of the Listing Regulations requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of an ordinary resolution and no related party of the Company will vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Proviso to Regulation 23(1) prescribes that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of the Listing Regulations.

Notwithstanding the above, in terms of Regulation 23(1A) of the Listing Regulations, a transaction involving payments made to a related party by the listed entity 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.

It is clarified that in terms of Regulation 23(4), prior approval of shareholders of the Company shall also be required for transactions and subsequent material modifications (*defined below*) for Material Related Party Transactions to which an unlisted subsidiary of the Company is a party but the Company is not a party.

### **MATERIALITY THRESHOLD FOR SUBSEQUENT MODIFICATIONS**

In relation to a Material Related Party Transaction, each subsequent material modification would mean any variation having a net annual financial impact in the consolidated income statement exceeding 20% of the already approved transaction value, or the thresholds specified in Schedule XII of the Listing Regulations, whichever is higher.

### **CRITERIA FOR APPROVING RELATED PARTY TRANSACTIONS**

The Board shall take into account the following, in determining whether to approve, ratify, disapprove or reject a Related Party Transaction and assessing the Related Party transactions:

- I. whether the Related Party Transaction is entered into on terms no less favorable to the Company than terms generally available to an unrelated third-party under the same or similar circumstances;
- II. The terms of such transaction;
- III. The Related Person's interest in the transaction;
- IV. The purpose and timing of the transaction;
- V. Whether the Company is a party to the transaction, and if not, the nature of the Company's participation in the transaction;
- VI. If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- VII. Information concerning potential counterparties in the transaction;
- VIII. The approximate rupee value of the transaction and the approximate rupee value of the Related Person's interest in the transaction;
- IX. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
- X. Any other relevant information regarding the transaction.

Further The Company shall include the following information as specified in the Industry Standards on "*Minimum information to be provided for review of the Audit Committee and Shareholders for approval of a related party transaction*" ("**RPT Industry Standards**"), for review of the Audit Committee, for approval of a proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a non-wholly subsidiary, such percentage calculated on the basis of such subsidiary's annual turnover on a standalone basis shall be additionally provided);

f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:

- i. details of the source of funds in connection with the proposed transaction;
- ii. 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;
- iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.

g. Justification as to why the RPT is in the interest of the Company;

h. A copy of the valuation or other external party report, if any such report has been relied upon;

i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

j. Any other information that may be relevant.

#### **Related Party Transactions not approved under this Policy**

Where, owing to exigencies, Related Party Transactions have been executed without being placed for prior approval by the Audit Committee, reasoned explanation for the same must be provided to the satisfaction of the Audit Committee. The Members of the Audit Committee, who are Independent Directors, shall evaluate such transactions by taking into account all relevant considerations and may subsequently ratify such transactions within a period of 3 (three) months from the date of transaction or in the immediate next meeting of the Audit Committee, whichever is earlier subject to the following conditions:

- 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;
- the transaction is not material as per Regulation 23 (1) of the Listing Regulations;
- rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- the details of ratification shall be disclosed along with the disclosures of related party transactions;
- 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 related party to any director, or is authorized by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

In the event, the Company becomes aware of a transaction with a related party that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee and the Audit Committee shall consider all relevant facts and circumstances regarding the transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the related party transaction.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been executed without approval, the Audit Committee, as appropriate, may direct additional actions 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.

#### **INTERPRETATION:**

a) Any words used in this policy but not defined herein shall have the same meaning as prescribed to it in the Companies Act, 2013 or Rules made thereunder, SEBI Act or Rules and Regulations made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, Accounting Standards or any other relevant legislation / law applicable to the Company.

b) In case of any dispute or difference upon the meaning/interpretation of any word or provision in this Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term/provision, the Audit Committee may seek the help of any of the officers of the Company or an outside expert as it deems fit.

#### **AMENDMENTS:**

In case of any subsequent changes in the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations or any other regulations ("the Regulations") which makes any of the provisions in the policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in the Regulations or as may be felt appropriate by the Committee. Any changes or modification on the Policy as recommended by the Committee would be presented for approval of the Board of Directors.

**The Policy was reviewed by the Board of Directors of the Company at its Meeting held on 18<sup>th</sup> May 2026.**