



# Aster DM Healthcare Limited

## Related Party Transaction Policy

Adoption/Amendment by the Board of Directors	Effective Date
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## 1. Purpose of this policy

Aster DM Healthcare Limited (“Aster DM” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). Pursuant to Regulation 23(1) of SEBI Regulations listed company shall formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and the manner of dealing with related party transactions between the Company and its related parties.

## 2. Review of policy

The Board of Directors of the Company shall review the Policy at least once every three years and update accordingly.

## 3. Definitions

- A. **“Act”** shall mean the Companies Act, 2013 and includes any amendment thereof.
- B. **“Arm’s Length Transaction”** has been defined to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- C. **“Committee”** shall mean Audit Committee constituted pursuant to the provisions of Act and Regulations.
- D. **“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.
- E. **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Provided that

- (a) Any person or entity forming part of the promoter or promoter group of the listed entity; or
- (b) Any person or any entity, holding equity shares:
  - a. of twenty percent or more; or
  - b. of ten per cent or more, with effect from April 1, 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

- F. **“SEBI Regulations”** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

G. **“Related party transaction”** means a transaction involving a transfer of resources, services or obligations between:

- (i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, (applicable with effect from April 1, 2023)

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

- 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 by the listed entity 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) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board.

H. **“Material related party transaction”** means a transaction with related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees one thousand crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower”

Notwithstanding that 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.

I. **“Ordinary Course of Business”** means a transaction which is carried out in the normal course of business and falls within the perimeter of the ordinary exercise of operational activities or related financial activities.

J. **“Key Managerial Personnel”** means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 and shall include the following:

- i. Chief Executive Officer or the Managing Director or the Manager;
- ii. Whole-time director;
- iii. Chief Financial Officer;
- iv. Company Secretary; and
- v. such other officer as may be prescribed

K. **“Material modifications”** means material modification will mean and include any modification to an existing related party transaction having variance of 15% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be.

Provided further that any change in terms and conditions for the benefit of related party shall require prior approval of Audit Committee / Board / Shareholders, as the case may be.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI Regulations, as amended from time to time.

#### 4. Threshold limit for Related Party Transactions

The threshold limits for related party transactions would be as defined in the Act and SEBI Regulations or as amended therein from time to time. Presently, the thresholds are as under:

<b>Audit Committee</b>	<b>Board of Directors</b>	<b>Shareholders</b>
1) All Related Party Transactions and subsequent material modifications 2) Related party transaction to which the subsidiary of the Company is a party but the Company is not a party as per limits mentioned in subsection 3 & 4 of section 6.A	Any Related Party Transaction which is not in the ordinary course of business and/or not at arm’s length basis.	1) All material Related Party Transactions and subsequent material modifications. 2) Any Related Party Transaction as per table below and exceeding their respective limits (other than with wholly-owned subsidiaries)

<b>Category of Transactions</b>	<b>Limits under the act for shareholders approval</b>
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	10% or more of Turnover
Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent.	10% or more of Net worth
Leasing of property of any kind	10% or more of Turnover
Availing or rendering of any services, directly or through appointment of agent.	10% or more of Turnover
Such Related Party's appointment to any office or place of profit in the company, its subsidiary Company or associate Company	At a monthly remuneration exceeding Rs. 2.5 lakhs
Underwriting the subscription of any securities or derivatives thereof, of the company	Exceeding 1% of Net worth

**Note:** 'Networth' or 'Consolidated Turnover' or 'Turnover', wherever specified shall refer to respective figures as per last audited financial statement.

## **5. Identification of related party transaction**

Every Director, Key Managerial Personnel are responsible for providing notice to the Board of Directors or the Committee, of any potential Related Party Transaction involving him/her or his/her relative, including any additional information about the transaction that the Board of Directors /Committee may reasonably request. Board of Directors /Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

On an annual basis, the Company Secretary shall request a disclosure from each director and each KMP within the meaning of Section 2 (76), 184 and 189 of the Act and SEBI Regulations in the prescribed format under those respective regulations for declaration of their concerns or interests in any company, body corporate and other entities.

All Directors are required to declare and disclose their concerns or interests in any company or companies or bodies corporate at the first Board meeting in every financial year and subsequently whenever there is any change in disclosures. In addition, the Directors shall ensure that any business transactions entered into between the Company and themselves comply with the terms of this Policy.

The Company prefers to receive such notice (or any changes thereof) of any potential Related Party Transaction, well in advance so that the Board of Directors /Committee has adequate time to obtain and review information about the proposed transaction.

## **6. Manner of dealing with related party transactions**

Review and Approval of related party transactions:

### **6.A. Audit Committee**

1. All the transactions which are identified as related party transactions and subsequent material modifications should be pre-approved by the Audit Committee of the Company before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
2. Only Independent Directors who are members of the Audit Committee shall approve the related party transactions. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board of Directors or of shareholders as applicable.

Audit Committee shall pre-approve the related party transaction to which the subsidiary of the Company is a party but the Company is not a party, 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. And effective from April 01, 2023, Audit Committee shall pre-approve the related party transaction to which the subsidiary of the Company is a party but the Company is not a party, 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.

3. The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under Regulation 23 (3) of SEBI Regulations and such other conditions as it may consider necessary in line with this policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
4. 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.
5. In the event the need for Related Party Transaction 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 rupees one crore per Transaction.
6. Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company.
7. The Company shall place before Audit Committee minimum information as enclosed in **Annexure -I** while seeking approvals for related party transactions.

#### **6.B. Board of Directors**

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

#### **6.C. Shareholders**

1. If a related party transaction is (i) a material transaction as per Regulation 23 of SEBI Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds the thresholds prescribed under the Companies Act, 2013 and rules enacted there under and subsequent material modifications shall require prior approval of the

shareholders' through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Provided further that the requirements specified under this clause shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided further that the Notice being sent to the shareholders seeking approval for any proposed RPT shall in addition to the requirements under the Companies Act, 2013, include the information provided in **Annexure- II** as a part of the explanatory statement.

2. Transactions entered into between the Company and its wholly owned subsidiary and transactions 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 shall be exempted from prior approval of the Audit Committee, omnibus approval by Audit Committee and approval of Board and shareholders.

#### **6.D. Reporting of related party transactions**

1. Every contract or arrangement, which is required to be approved by the Board/shareholders under this Policy, shall be disclosed in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
2. Company shall maintain a register of such contracts and also disclose transactions with related parties in its annual report and material related party transactions in corporate governance report.
3. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by Securities and Exchange Board of India under SEBI regulations from time to time and publish the same on its website.

Provided that the Company shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results.

Provided further that the Company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023.

#### **7. Related Party Transactions not approved under this policy**

In the event the Company becomes aware of any transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction (including reasons of failure to report such transaction) and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.



## **8. Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act or SEBI Regulations or any other statutory enactments, rules, the provisions of such Act or SEBI Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

## **Annexure I**

### **Information to be reviewed by the Audit Committee for approval of RPTs**

The Company shall provide the following information, 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 listed entity 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 listed entity'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 subsidiary, such percentage calculated on the basis of the 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 listed entity 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 listed entity;
- 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

## **Annexure II**

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee as specified in Annexure - I;
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under Annexure – I under (f);
- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

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