



# Aster DM Healthcare Limited

## Related Party Transaction Policy

<b>Adoption / Amendment by the Board of Directors</b>	<b>Effective Date</b>
Adoption	November 20, 2017
Amendment	June 22, 2021
Amendment	February 08, 2022
Amendment	July 30, 2025

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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 the SEBI Regulations has mandated every listed company to formulate a Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

In the light of the above, the Company has framed this Policy on Related Party Transactions ("RPT Policy"). This Policy has been adopted by the Board of Directors of the Company ("Board") based on the recommendations of the Audit Committee.

## 2. 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 relevant 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:
- (c) ~~of twenty percent or more;~~ or
- (d) 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 immediately 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, inter-alia, 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 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 any listed entity 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:

**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.

It also includes all such activities which the Company can undertake as per its Memorandum of Association.

**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, not more than one level below the directors who are in whole-time employment, designated as key managerial personnel by the Board; and
- vi. 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 a related party shall require prior approval of Audit Committee / Board / Shareholders, as the case may be.

- L. **“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 and any amendments thereto, from time to time.

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.

### 3. **Threshold limit for Related Party Transactions**

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

Category of Transactions	Limits under the Act for shareholders approval
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.

#### Approval matrix of RPTs:

Audit Committee	Board of Directors	Shareholders
1) All Related Party Transactions and subsequent material modifications	1) 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) <b>Related party transaction to which the subsidiary of the Company is a party</b> but the Company is not a party exceeding the limits specified and subject to exceptions provided herein.	2) Such other matters requiring approval of Board of Directors, as may be specified by SEBI and/or Act, from time to time.	2) Any Related Party Transaction exceeding their respective limits mentioned above (other than with wholly-owned subsidiaries and transactions undertaken in the ordinary course of business and at arm’s length basis).
3) Such other matters requiring approval of the Audit Committee, as may be specified by SEBI and/or Act, from time to time.		3) <b>Such other matters</b> requiring the approval of Shareholders, as may be specified by SEBI and/or Act, from time to time.

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

- 4. 1.** Every Director, Key Managerial Personnel are responsible for providing disclosure 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.
- 4. 2.** On an annual basis and whenever change happens, the Company Secretary shall request disclosure from each director and KMP declaring their concerns or interests in any company, body corporate and other entity in accordance with Section 2(76), 2(77), 184 and 189 of the Act and relevant provisions of SEBI Regulations.
- 4. 3.** All Directors are required to disclose their concerns or interests in any company or body corporate or other entity 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 or their relatives or any concerned entity complies with the terms of this Policy.
- 4. 4.** The Company prefers to receive such disclosure (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.

#### **5. Manner of dealing with Related Party Transactions**

Review and Approval of related party transactions:

##### **5.1. Audit Committee**

- a.** 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 transactions. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
- b.** 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.
- c.** 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 FY **exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.**

~~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.**

- d.** The Audit Committee may grant omnibus approval for related party transactions w.r.t. Company / its subsidiary which are repetitive in nature and subject to such criteria/conditions as mentioned under sub-regulation (3) of Regulation 23 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 financial year and shall require fresh approval after the expiry of one financial year.
- e.** The omnibus approval, inter-alia, shall specify:
- the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
  - the indicative base price / current contracted price and the formula for variation in the price if any;
  - such other conditions as the audit committee may deem fit; and
  - such matters as specified under the Industry Standards.
- f.** The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company
- g.** 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.
- h.** Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company / its subsidiaries.
- i.** The transactions, other than a transaction referred to in section 188 of the Act, entered into between the company and a wholly-owned subsidiary of the Company shall be exempted from approval of the Audit Committee.
- j.** The 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.
- k.** The remuneration, sitting fee-paid by the Company or its subsidiary to its Directors, Key Managerial Personnel or senior management, except who is part of promoter or promoter group, shall not require Audit Committee / Shareholders approval provided that the same is not material in terms of provision of sub-regulation (1) of Regulation 23 of SEBI Regulations.
- l.** The Audit Committee, at the time of approval of RPTs, shall take into consideration the relevant certificate to be placed before it in terms of the Industry Standards.
- m.** The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs.

- n. 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 the SEBI Regulations;
  - 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 provisions of sub-regulation (9) of the SEBI Regulations;
  - iv. 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 Company against any loss incurred by it.

## **5.2. Board of Directors**

- a. 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.
- b. 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.

## **5.3. Shareholders**

- a. 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 Act and rules enacted there under, then such Related Party Transaction and any subsequent Material modification thereto shall require prior approval of the shareholders' through resolution and no related party shall vote to approve such resolutions whether the entity / individual is a related party to the particular transaction or not.
- b. 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.
- c. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Regulations, Act as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.

- d. 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 shareholders.

#### **5.4. Reporting of related party transactions**

- a. 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.
- b. Company shall maintain the register of such contracts or arrangements in the manner specified in the Act and disclose transactions with related parties in its Annual Report in the manner specified under the Act or SEBI Regulations.
- c. The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by SEBI and publish the same on its website within such period, as stipulated under SEBI regulations, from time to time.

#### **6. 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 for failure to report such a transaction) and evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction.

#### **7. Review of policy**

The Board of Directors of the Company, based on the recommendations of the Audit Committee, shall review the Policy at least once every three years or whenever they deem fit.

#### **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.

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