
POLICY ON RELATED PARTY TRANSACTIONS

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POLICY ON RELATED PARTY TRANSACTIONS

1. Purpose

The Board of Directors (the “**Board**”) of **AWFIS SPACE SOLUTIONS LIMITED** (the “**Company**”) vide its Board resolution dated 14.05.2024 and amended on 11.02.2025, has adopted the Policy on Related Party Transactions (“**Policy**”) upon recommendation of the Audit Committee in compliance with the requirements of Section 188 of the Companies Act, 2013 (the “**Act**”) and the rules made thereunder, as amended from time to time and in compliance of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**SEBI Listing Regulations**”) as and when become applicable to the Company.

The policy aimed to ensure proper approval and reporting of transactions between the Company and its Related Parties. Such transactions are appropriate only if they are in the best interest of the Company and its stakeholders.

Regulation 23(1) of the SEBI Listing Regulations requires a company to formulate a policy on materiality of Related Party Transactions (“**RPTs**”) and dealing with RPTs (including the clear threshold limits duly approved by the Board). Further, Regulation 23(2) of the SEBI Listing Regulations also requires defining material modifications of Related Party Transactions and disclose it as part of the said policy.

2. Objective of the Policy

The objective of this Policy is to set out:

- a) the materiality thresholds for related party transactions,
- b) define material modification and
- c) the manner of dealing with and disclosing the transactions between the Company and its related parties as required under the Act, the SEBI Listing Regulations and any other laws and rules regulations as may be applicable to the Company.

3. Definitions

“**Audit Committee**” or “**Committee**” means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the SEBI Listing Regulations and Section 177 of the Act and rules made thereunder.

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

“**Company**” means AWFIS SPACE SOLUTIONS LIMITED.

“**Key Managerial Personnel**” means Key Managerial Personnel as defined under Section 2(51) of the Act.

“**Material Modifications**” shall mean and include any modification to an existing Related Party Transaction having variance of 25% or more of the transaction value as approved by the Audit Committee/Board/shareholders as the case may be.

“**Material Related Party Transaction**” 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 Rs. 1000 Crore (rupees one thousand crore) or 10%

(ten per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Ordinary Course of Business”, means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per its Memorandum. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

“Related Party” means a related party as defined under Regulation 2(1)(zb) of the SEBI Listing Regulations.

“Related Party Transaction” shall have the meaning as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations or as envisaged in Section 188(1) of the Companies Act, 2013.

“Relative” in relation to related party means a relative as defined under the Section 2(77) of the Act and includes anyone who is related in any of the following manner –

- A. Members of a Hindu undivided family;
- B. Husband or wife;
- C. Father (including step-father);
- D. Mother (including step-mother);
- E. Son (including step-son);
- F. Son’s wife;
- G. Daughter;
- H. Daughter’s husband;
- I. Brother (including step-brother); or
- J. Sister (including step-sister).

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

The words and expressions used but not defined here will carry the same meaning as stated under the Act and SEBI Listing Regulations, as amended from time to time.

4. **Materiality Thresholds**

The thresholds for RPTs beyond which approval of the shareholders through a resolution shall be required are as under:

(a) As per SEBI LODR

- i Any transaction with a related party, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or ₹ 1,000 crore, whichever is lower.

- ii Notwithstanding the above, 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 5% of the annual consolidated turnover of Company as per the last audited financial statements of Company.

These thresholds are hereinafter be referred to as (the “**Materiality Thresholds**”).

(b) As per the Act

All kinds of transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or not at arm’s length basis; and (b) exceed the thresholds laid down under Companies (Meetings of Board and its Powers) Rules, 2014 shall be placed before the shareholders for their approval.

5. Procedure for approval of Related Party transactions

(a) Prior Approval of the Audit Committee

- i All related party transactions, any modification of transactions with related parties as per the provisions of the Act, and subsequent Material Modifications to the transaction with Related Parties as per the provisions of the SEBI LODR shall be approved by Audit Committee.
- ii **Omnibus Approval:** Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company. The Audit Committee shall lay down the criteria for granting an omnibus approval in line with the policy on Related Party Transactions of the company.

The Audit Committee shall *interalia* consider the following factors while specifying the criteria for making omnibus approval, namely: (a) repetitiveness of the transactions (in past or in future); (b) justification for the need of omnibus approval.

- iii Only Members of the Audit Committee, who are independent directors, shall approve related party transactions.
- iv A related party transaction 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 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 listed entity;
- v Further, a related party transaction 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 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;

(b) Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval, whether or not it is a material Related Party Transaction. 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.

(c) Approval of the shareholders of the Company

- i** Under SEBI LODR: All related party transactions crossing the Materiality Thresholds 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 shall vote to approve such resolutions.
- ii** Under the Act: All related party transactions specified under Section 188 of the Act which (a) are not in the ordinary course of business or are not at arm's length basis; and (b) exceed the thresholds laid down in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, shall be placed before the shareholders for approval and no member of the company shall vote on such 1[resolution], to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

The notice being sent to the shareholders seeking approval for any proposed related party transaction shall, include information as required under the Act and the rules framed thereunder and the SEBI Listing Regulations, each as amended.

6. Transactions which do not require approval

The following are the transactions which do not require the approval:

- a) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- b) 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.
- c) 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, provided that the same is not material in terms of the provisions of Clause (4) above.
- d) Such other transactions as may be provided under the Act or SEBI Listing Regulations from time to time.

7. Disclosure

- a) The Company shall disclose, in the Board's report, every contract/arrangement prescribed in Section 188(1) of the Act with related parties along with the justification for entering into such transaction.
- b) The Company shall submit within the timelines prescribed under Regulation 23(9) of the SEBI Listing Regulations, disclosures of related party transactions on a consolidated basis, in the format specified by SEBI from time to time and publish the same on its website.
- c) As prescribed under Regulation 46(2)(g) of the SEBI Listing Regulations, this Policy shall be disclosed on the Company's website. Further, a web link shall be provided in the Annual Report of the Company.

8. Ratification by Audit Committee

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

- a) 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;
- b) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;
- c) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
- d) 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 this regulation;
- e) 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 authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

a. Ratification by Board/ Shareholders:

In case of any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval of Shareholders under Section 188(1) and if it is not ratified by the Board or, as the case may be, by the Shareholders at a meeting within 3 months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the Shareholders and if the contract or arrangement is with a related party to any Director, or is authorised by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

9. Review and Amendments

The Audit Committee of the Company shall review this Policy from time to time, but at least once every three years, and may recommend amendments to the same for approval of the Board.

The Board may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. In the event of any conflict between the provisions of this Policy and of the applicable law, such applicable law in force from time to time shall prevail over this Policy. Any subsequent amendment/modification in the applicable laws in this regard shall automatically apply to this Policy. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.