



YUG DECOR LIMITED

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POLICY ON RELATED PARTY TRANSACTION

Approved by: Board of Directors on May 27, 2025

1. **PREAMBLE**

The enactment of the Companies Act 2013 (the “Act”), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and requirements under the Income Tax Act relating to Transfer Pricing both for International and Domestic transactions, has resulted into a significant importance on the compliances to be made on the Related Party Transactions. Pursuant to Regulation 23 of Listing Regulations, the Company is required to devise a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. **Yug Decor Limited** (the “Company”) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company’s and its stakeholders’ best interests.

2. **OBJECTIVE**

The Objective of this Policy is to bring uniform practices relating to Related Party Transactions covering the process, methodology, arm’s length pricing, approval mechanism, disclosures and compliance with the provisions of the Companies Act 2013 and rules framed thereunder, Listing Regulations and the Transfer Pricing norms prescribed under the Income Tax Act, 1961 and Accounting Standards. Hence the Company seeks to formulate a robust Policy on Related Party Transactions to deal with the identification, review and approval of Related Party Transactions.

This Policy is applicable to all Related Party Transactions entered by the Company as per the Companies Act, 2013 and the Listing Regulations.

3. **DEFINITIONS**

For the purposes of this policy, the following definitions apply:

- i. **‘Act’** means Companies Act, 2013, as amended from time to time.
- ii. **‘Arm’s Length Transaction’** means a transaction between the Company and its Related Party(ies) that is conducted as if they were unrelated and at a fair value, so that there is no conflict of interest.
- iii. **‘Associate Company’** means any company, in which the Company controls at least twenty per cent (20%) of total share capital or controls business decisions under an agreement, including a joint venture

- iv. **'Audit Committee' or 'Committee'** means Committee of Board of Directors of the Company constituted under provisions of the Act and the Listing Regulations.
- v. **'Director'** means a director on the board of the Company.
- vi. **'Key Managerial Personnel or KMP'** mean key managerial personnel as defined under the Act.
- vii. **'Material Related Party Transaction'** means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed ten percent (10%) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.
- viii. **'Policy'** means this Related Party Transaction Policy.
- ix. **'Related Party'** has the same meaning as assigned to it under the Act and the Listing Regulations, as amended from time to time.
- x. **'Related Party Transaction'** have the meaning as defined under Section 188 of the Act read with Regulation 2(1)(zc) of the SEBI Listing Regulations, as amended, and shall mean a transaction involving a transfer of resources, services or obligations between:
- a. the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand;
 - b. the Company 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 Company or any of its subsidiaries 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, including but not limited to the following -

- a. sale, purchase or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. appointment to any office or place of profit in the Company, its subsidiary or associate company
- g. underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered Related Party Transaction of the Company in terms of SEBI Listing Regulations:

- (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) corporate actions which are uniformly applicable/offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities.
- (c) retail purchases from Tata Steel or any of its subsidiaries by its directors or employees, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

Further, remuneration and sitting fees paid by Yug Décor Limited to its directors, key managerial personnels 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 Regulation 23 of the Listing Regulations.

- xi. “Material Related Party Transaction” means a transaction with a Related Party if the** transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower. In case of transaction involving payment to a Related Party for brand usage or royalty, it will be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5% percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company
- xii. “Key Managerial Personnel” or “KMP”** shall have the meaning as defined under Regulation 2(1)(o) of the SEBI Listing Regulations read with Section 2(51) of the Companies Act, 2013, each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.
- xiii. ‘Subsidiary Company’ or ‘subsidiary’** means the company as defined under Section 2(87) of the Companies Act, 2013. However, for the purpose of compliance under the Listing Regulations, subsidiary or subsidiary company means the company as defined under the accounting standards issued by the Institute of Chartered Accountant of India.
- xiv. “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.
- xv. ‘Total Share Capital’** means the aggregate of the
- (a) paid-up equity share capital; and
 - (b) convertible preference share capital.

Words and expressions not defined in this Policy shall have the same meaning as contained in the Act read with the Rules made there under, the Listing Regulations or any other applicable laws or regulations.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

4. MATERIALITY THRESHOLDS

Regulation 23 of the SEBI Listing Regulations requires a Company to provide materiality thresholds for transactions with its related party. In any event, if a Related Party Transaction (“RPT”) exceeds the materiality threshold, prior approval of the shareholders of the Company will be required through an ordinary resolution. Prior approval of shareholders is also required in case of any subsequent material modifications to these already approved Related Party Transactions. None of the related parties (“RPs”) of the Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (RP’s can cast only negative vote to reject the resolution seeking approval of material RPT(s)).

Yug Decor Limited has fixed the following materiality thresholds for the purpose of Regulation 23 of the SEBI Listing Regulations:

- Payment to a Related Party with respect to brand usage or royalty – 5% of the annual consolidated turnover of the Company as per its last audited financial statements.
- Other transactions with a Related Party – lower of Rs. 1,000 crore or 10% of the consolidated annual turnover of the Company as per its last audited consolidated financial statements

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Audit Committee and the Board, once in every three years and updated accordingly.

5. POLICY:

All Related Party Transactions shall be placed before the Audit Committee for its pre-approval in accordance with this Policy.

A. IDENTIFICATION OF RELATED PARTIES:

- i. Each Director and KMP shall disclose to the Company Secretary in form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all persons, entities, firms in which he/she is interested, whether directly or indirectly.
- ii. The Chief Financial Officer, at the beginning of every financial year, shall provide the information to the Company Secretary about the related parties of the company and subsequent changes therein forthwith (If any).
- iii. The Company Secretary shall compile the information received from all concerned and send the information about such Related Parties to Functional Heads (i.e. Accounts, Finance, Legal, HR, Marketing etc.), Business Heads and any other concerned person for their information and any necessary action.
- iv. Functional Head / Business Head shall forward to the Company Secretary and Chief Financial Officer, the details of any proposed Related Party Transaction with the draft

terms and conditions or other related information and certifying that such Transactions are at arm's Length and in ordinary course of business. The Company Secretary or the Chief Financial Officer, upon receipt of such information, will furnish the same to Audit Committee for its approval and further action, if any.

v. Any proposed modification(s) in the Related Party Transactions already entered into shall be intimated to the Company Secretary and Chief Financial Officer by the Functional Head / Business Head, which shall be placed before the Audit Committee for its prior approval in accordance with this Policy.

B. APPROVAL OF AUDIT COMMITTEE

i. All the Related Party Transactions shall require prior approval of the Audit Committee.

ii. The Audit Committee may grant omnibus approval for Related Party Transactions subject to the conditions as laid down under the Listing Regulation, as amended from time to time.

iii. Any member of the Audit Committee who has a potential conflict of interest in any Related Party Transaction shall abstain from discussion and voting.

C. APPROVAL OF BOARD OF DIRECTORS

I. The following Related Party Transactions which are not in the ordinary course of business or are in the ordinary course of business but are not Arm's Length Transactions shall require prior approval of the board:

- i. sale, purchase or supply of any goods or materials.
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services.
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such Related Party's appointment to any office or place of profit in the Company, its subsidiary company or Associate Company; and
- vii. Underwriting the subscription of any securities or derivatives thereof, of the Company.

II. All the Material Related Party Transactions shall be considered and approved by the Board before placing them before shareholders for their approval except for those transactions that do not require approval under Section 177 and 188 of the Act; and are transactions entered into between the Company and its wholly-owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

III. Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the subject matter of the resolution relating to such Transaction. For the purpose of this Policy, wholly-owned subsidiary means a Company whose 100% voting power, directly or indirectly, is controlled by another company i.e. holding company.

D. APPROVAL OF SHAREHOLDERS

I. To approve a Related Party Transaction, the Committee/ Board/ shareholders, shall be provided all relevant material information of the Transaction, including the terms, purpose of the transaction and such other details as required under the applicable law or by the Committee/Board, as the case may be. While approving a Related Party Transaction, the Committee/Board will consider the following factors, among others, to the extent relevant:

- Whether the terms on which Related Party Transaction proposed are fair and on arm's length basis to the company;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the Related Party Transaction includes any potential reputational risk that may arise as a result of or in connection with the proposed transaction; and
- Whether the Related Party Transaction would present conflict of interest for any Director or KMP of the Company. Whenever there is any doubt with regard to transaction(s) with Related Party(ies) and/or the applicable corporate governance requirements, the Audit Committee / Board shall be entitled to seek a legal opinion/clarification for the same.

II. The Audit Committee shall consider all relevant facts and circumstances regarding a Related Party Transaction placed before it.

III. In the event of any Director, KMP or any other employee become aware of any Related Party Transaction(s) that has been omitted to be approved by the Audit Committee/Board/Shareholders or is in deviation of this Policy, such person shall promptly notify the Company Secretary of such transaction, who shall ensure that such transaction is brought to the notice of the Audit Committee or the Board, as applicable, at the earliest.

IV. The Audit Committee/ Board shall evaluate such transaction(s) and may decided necessary action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

6. DISCLOSURE

- I. With effect from 1st April , 2025 Regulation 23 of SEBI (Regulation) 2025 shall be applicable to SME Listed Companies hence we will make necessary arrangement to comply with the said disclosures from the upcoming quarter and onwards.
- II. In terms of the provisions of Section 134(3)(h) of the Act, Related Party Transactions requiring approval of Board/Shareholders under Section 188 of the act shall be disclosed in the Director's Report along with the justification for entering into such Related Party Transactions.
- III. Details of all Material Related Party Transactions shall be disclosed quarterly along with Company's Compliance Report on Corporate Governance, in accordance of the Listing Regulation.
- IV. This Policy shall be disclosed on the website of the Company and a web link thereto shall also be provided in the Annual Report.
- V. The Company shall keep one or more registers giving separately the particulars of all contracts or arrangements with any Related Party.

7. POLICY REVIEW

- I. This Policy is based on the provisions of the Act and rules framed there under and as per the requirements of the Listing Regulation.
- II. In case of any changes in the provisions of the Act, the Listing Regulation or any other regulation which are inconsistent with the Policy, such amended provisions would prevail over the Policy.
- III. The Company Secretary and Chief Financial Officer jointly authorized to amend this Policy to be consistent with the prevailing provisions of the Act and Listing Regulation, which shall be placed before the Audit Committee and Board for their approval.

8. GENERAL

In case of any doubt with regard to any provision of the Policy and also in respect of matters not covered herein, a reference shall be made to the Chairman of the Committee. In all such matters, the interpretation and decision of the Chairman shall be final. The Company reserves the right to modify, cancel, add, or amend any clause of this Policy as set out above.
