

## ***FROG CELLSAT LIMITED***

### ***RELATED PARTY TRANSACTIONS POLICY***

***Approved by Board of Directors at its Meeting held on  
20<sup>th</sup> May 2025.***

**RELATED PARTY TRANSACTIONS POLICY**  
**(adopted by the Board of Directors on 20<sup>th</sup> May, 2025)**

**BACKGROUND AND PURPOSE**

Related Party Transaction (RPT) can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of RPTs related as prescribed under the Companies Act, 2013 (Act) read with the Rules framed there under and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015 (SEBI Listing Regulations). The Company has formulated guidelines for the identification of related parties and the proper conduct and documentation of all RPTs.

Further, Regulation 23(1) of the SEBI Listing Regulations requires a Company to formulate a policy on materiality of related party transactions and dealing with related parties. In light of the above, the Company has framed this Policy on Related Party Transactions (Policy).

**DEFINITIONS**

For the purpose of this Policy, the following definitions shall apply:

**“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.

**“Key Management Personnel”** 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.

**“Material Modifications”** shall mean triggering of any of the following conditions whether individually or in aggregate:

- Change in overall transaction value of Related Party Transaction beyond 20 % or
- Change in price of goods and services beyond 20 % or
- Extension in duration of Related Party Transaction contract beyond a period of 6 months or
- As may be decided by the Audit Committee on case to case basis.

**“Material Related Party Transaction”** – As per the SEBI Listing Regulations, 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Provided further that with effect from April 01, 2025, in case of a Company which has listed its specified securities on the SME Exchange, 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 Rupees fifty crore or ten per cent. of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Provided a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Ordinary course of business”** may include that transaction which is permitted by the Object Clause in the Memorandum of Association of the Company, or which is connected with the normal business of the Company or which is a historic/common commercial practice or the income earned of which is assessed a business income or expense incurred which is assessed as a business expense or meets any other parameters / criteria as decided by the Board/Audit Committee.

**“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under:

Provided this definition shall not be applicable for the units issued by mutual fund which are listed on a recognised stock exchange(s).

**“Related Party”** shall have the same meaning as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the SEBI Listing Regulations.

**“Related Party Transaction”** means:

- i. for the purpose of the Act, specified transaction of the Company with Related Parties mentioned in clause (a) to (g) of sub-section 1 of Section 188 and clause (iv) of sub-section 4 of Section 177 of the Act; and,
- ii. for the purpose of Regulation 2(1)(zc) of the SEBI Listing Regulations, a transfer of resources, services or obligations between:
  - 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,
  - 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 01-Apr-23.

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.

Further, the 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. the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend by the Company;
  - ii. subdivision or consolidation of securities by the Company;
  - iii. issuance of securities by way of a rights issue or a bonus issue;
  - 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:

- d. acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:

Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.

- e. retail purchases from any Company 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;
- f. Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

“**Subsidiary**” means a Company as defined under section 2(87) of the Act. “**Associate**” means a Company as defined under section 2(6) of the Act.

Any other term not defined herein shall have the same meaning as defined in the Act/ SEBI Listing Regulations.

#### **RELATED PARTY TRANSACTIONS – APPROVAL MECHANISM**

As per the Companies Act, 2013, any transaction entered into by the Company with a related party which is in its ordinary course of business and which is on an arm’s length basis does not require any approval from the Board of Directors or the Shareholders. Instances of such transactions which the Company normally undertakes on an arm’s length basis in conducting its business operations and activities cover transactions such as sale or purchase of finished goods, work in progress, raw material, reimbursement of expenses etc.

#### **Audit Committee**

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company:

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Provided further that:

- (a) the audit committee of a Company shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
- (b) a related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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;
- (c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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) prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

- (e) remuneration and sitting fees paid by the Company 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.
- (f) 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 sub-regulation (1) of this regulation;
  - (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 this regulation;
  - (v) 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 Company against any loss incurred by it.

The Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company or its subsidiary and which are repetitive in nature subject to the following conditions:

1. The Audit Committee shall with the approval of Board, consider the following criteria's before granting any omnibus approval which shall include the following: -
  - (i) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
  - (ii) the maximum value per transaction which can be allowed;
  - (iii) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
  - (iv) review, at such intervals as the Audit Committee may deem fit, related party transactions entered into by the Company pursuant to each of the omnibus approval made;
  - (v) transactions which cannot be subject to the omnibus approval by the Audit Committee.
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
3. The proposal/ agenda seeking omnibus approval shall specify:
  - (i) the name/s of the related party and its relationship with the Company, including nature

- of its concern or interest (financial or otherwise), nature of transaction, period, material terms and particulars of the proposed 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,
  - (iii) 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
  - (iv) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
    - details of the source of funds in connection with the proposed transaction;
    - 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;
    - applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
    - the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
    - and (such other details/ information as prescribed under the Act/ SEBI Listing Regulations.;
4. Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company or its subsidiary pursuant to each of the omnibus approval given.
5. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- (i) Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company.
  - (ii) Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
  - (iii) Whether the nature of the proposed transaction is something that the Company would have ordinarily done in the course of its business;
  - (iv) Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
  - (v) Whether the Related Party Transaction would affect the independence of the Directors/ KMP;
  - (vi) Where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company or in contravention of any law; and
  - (vii) Any other factor the Committee deems relevant for reviewing and approving such Related Party Transaction.
6. The Audit Committee can take necessary professional help in order to determine whether the transaction is in ordinary course of business and on arm's length basis. It shall also consider whether the Committee was informed of the proposed transaction well in advance, and whether all the relevant information was disclosed or not, including no suppression of facts.

### **Board of Directors**

The Board shall consider and approve the following:

- a. Related Party Transaction as specified in Section 188(1) of the Act shall require approval of

- the Board except when such transactions are in ordinary course and at arm's length.
- Transactions other than those mentioned in section 188, which are referred by the Audit Committee, shall be placed for consideration for approval of the Board.
  - Material Related Party Transactions including Material Modifications thereto.

The agenda of the Board meeting at which the resolution related to Related Party Transaction is proposed to be moved shall disclose-

- name of the Related Party and nature of relationship;
- nature, duration and particulars of the contract or arrangement;
- material terms of the contract or arrangement including the value, if any;
- any advance paid or received for the contract or arrangement, if any; the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- any other information relevant or important for the Board to take a decision on the proposed transaction and/ or as required under the Act/ SEBI Listing Regulations.

### **Shareholders**

Further, the following type of related party transactions shall require approval of the shareholders through Ordinary resolution:

- All "material" Related Party Transactions and subsequent material modifications
- All such Related Party Transactions which are not in the ordinary course of business and which exceed the permissible limits as given under Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 as mentioned below:

S. No.	Transactions	Threshold limit
a)	Sale, purchase or supply of any goods or materials directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company or Rs 100 crore (whichever is lower)
b)	Selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent	Amounting to 10% or more of net worth of the Company or Rs 100 crore (whichever is lower)
c)	Leasing of property of any kind	Amounting to 10% or more of the net worth of the Company or 10% or more of turnover of the Company or Rs 100 crore (whichever is lower)
d)	Availing or rendering of any services directly or through appointment of agent	Amounting to 10% or more of the turnover of the Company or Rs 50 crore (whichever is lower)
	<b>Note:</b> Limits specified in above transactions shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.	

e)	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 lakh.
f)	Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company	Exceeding 1% of the net worth.

### **PRE-APPROVED / RATIFIED TRANSACTIONS**

In terms of this Policy, the Related Party Transactions listed below shall be deemed to be Pre-Approved or Ratified Transactions and are not subject to further review and approval or ratification of the Board of Directors or the Audit Committee:

#### **Directors Compensation**

Any transaction that involves the providing of compensation to Directors in connection with his or her duties to the Company or any of its subsidiaries or affiliates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

**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. With respect to Audit Committee, the approval will not be required for transactions other than a transaction referred to in Section 188 of the Act.

#### **Transactions involving Competitive Bids**

Any transaction involving Related Party where rates and charges are determined by Competitive Bids.

#### **Regulated Transactions**

Transactions expressly approved/ sanctioned by relevant authority/ government in terms of governing statutes/ laws.

#### **Charitable Contributions by the Company**

Company spends pursuant to section 135 of the Act and Rules framed thereunder on Corporate Social Responsibility initiatives/ programs/ activities, charitable activities by way of contribution, donation etc. to charitable organizations, foundations, society or university in which a Related Party is a trustee, director, or employee etc.

#### **Transactions where all shareholders receive proportional benefits.**

Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends).

#### **Transactions which are similar for All Employees**

Transactions, arrangements or relationships that are generally available on the same terms to all employees (other than employees who may be excluded due to foreign regulatory or similar reasons).

#### **Transactions on Uniform Terms & Conditions**

Transactions, arrangements or relationships with a Related Party in the ordinary course of business on the same terms and conditions as are available to an unrelated party.

#### **Certain Transaction with other companies**

Transactions in which the Related Party's interest is derived solely from the fact that he or she serves as director of another corporation or organization that is a party to the transaction.

**Certain Transaction with Related party's Entity**

Transactions in which the Related Party's interest is derived solely from his or her direct or indirect ownership of an entity that is a party to the transaction when such ownership interest is less than ten percent (10%) of the equity interest of such entity.

**DISCLOSURE OF INTEREST BY DIRECTORS/ KMPs**

Every Director and KMP shall, in adherence of the provisions of Companies Act, 2013 and the SEBI Listing Regulations in this regard, furnish necessary disclosures (annually and whenever there is a change) about his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in the manner prescribed under the Act and SEBI Listing Regulations.

Further, it shall be the duty of members of the Board and KMP to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.

Every Director should forthwith bring to the attention of Board any related party transaction that he or she anticipates/ foresees in order to ensure adherence to applicable compliance norms, obtaining necessary approval in that regard.

**DISCLOSURE ON RELATED PARTY TRANSACTIONS**

Related Party Transactions will be brought to management's and the Board's attention on a periodical basis with intimation from Finance department. The same shall be consolidated in form of a Statement of Related Party Transactions and presented to the Audit committee on a quarterly basis for review by the Committee and information of the Board.

The Company shall also disclose, in the Board's report, the details of related party transactions as prescribed under the provisions of the Act and/ or SEBI Listing Regulations.

**SANCTION OF TRANSACTIONS WITHOUT PRE-APPROVAL****By Audit Committee**

Subject to the provisions of Companies Act, 2013 in this behalf, any Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the notice of the Audit Committee as promptly as reasonably practical after it is entered into and ratified appropriately by the relevant approving.

In case the Committee decides not to ratify a Related Party Transaction that has been commenced without approval, the Committee, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

**By Board and shareholders**

If any related party transaction is entered without obtaining the consent of the Board or Shareholders, as the case may be, the same need to be get ratified by the Board or the shareholders, as the case may be, within three months from the date on which such related party transaction was entered into. The Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to it under this Policy and shall take any such action it deems appropriate.

If the related party transaction has not ratified by Board or Shareholders as mentioned above, such related party transaction shall be voidable at the option of the Board or, as the case may be, of the Shareholders and if the related party transaction is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the Company against any loss incurred by it.

If the Audit Committee/Board/Shareholders decides, not to ratify a particular transaction, then it may direct additional actions in accordance with this Policy.

### **GENERAL**

The Board of Directors may review and amend this Policy from time to time but not later than once in three years from its last review or any other timeframe as may be stipulated under the governing laws in force.