

DAI-ICHI KARKARIA LIMITED
RELATED PARTY TRANSACTION POLICY

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Details of adoption and modifications of the Policy as approved by the Board of Directors

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1.	Original Version	1.10.2014
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RELATED PARTY TRANSACTION POLICY

1. Objective

The Board of Directors (the “Board”) of Dai-ichi Karkaria Limited (the “Company” or “DIKL”), has adopted the following policy and procedures with regard to Related Party Transactions (the “Policy”). This policy includes Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions, pursuant to the provisions of Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**the Listing Regulations**”) and in terms of Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (“**the Companies Act**”), including any modification(s) / amendment(s) / re-enactment(s) thereof. The objective of the policy is to regulate, ensure proper approval and reporting of transactions between the Company and its Related Parties based on the applicable laws and regulations applicable to the Company in this regard. Any Related Party Transaction may be entered into by the Company in accordance with the provisions of this Policy.

2. Regulatory Framework

The Companies Act 2013 together with the Rules notified thereunder and Regulation 23 of the SEBI Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations (LODR) Regulations (together referred to as “the applicable laws”), provide a framework for regulating transactions with Related Parties.

This policy is framed as per the requirements of the applicable laws and shall operate within the boundaries set by the laws.

3. Definitions:

“**Accounting Standards**” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

“**Associate Company**” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

For the purpose of this clause—

(a) the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;

(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

“Audit Committee or Committee” means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

“Board” means Board of Directors of the Company

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013 and includes

- i. the Chief Executive Officer or the managing director or the manager;
- ii. the Company secretary;
- iii. the Whole-time director;
- iv. the Chief Financial Officer
- v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi. such other officer as may be prescribed

“Policy” means Related Party Transaction Policy.

“Related Party” means related party as defined in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 which is as follows:

- (i) such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such entity is a related party under the applicable Accounting Standards
- (iii) Any person or entity belonging to the promoter or promoter group of the Company
- (iv) any person or entity holding equity shares in the Company either directly or on a beneficial interest basis as prescribed under Section 89 of the Companies Act, 2013 at any time during the immediately preceding financial year;
 - a. 20% or more of shareholding in the Company;
 - b. 10% or more of shareholding in the Company (effective from April 1, 2023)

“Related Party Transaction” means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between

- A company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- A 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, (effective from April 1, 2023)

which includes the following transactions:

- (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

(f) such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company and

(g) underwriting the subscription of any securities or derivatives thereof, of the Company

(h) transfer of resources, services or obligations between a listed entity and a related party, 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

Explanation: Related Party Transaction includes a single transaction or a group of transactions in a contract, with a Related Party.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. they are members of a Hindu undivided family;
- ii. they are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

“Material Related Party Transaction” means a transaction(s) to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:

- i. In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% (five percent) of the annual consolidated turnover of the Company as per its last audited financial statements;
- ii. In case of any other transaction(s), if the amount exceeds Rs. 1,000 crores (Rupees One Thousand crore) or 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements of the Company, whichever is lower.
- iii. Materiality thresholds for contracts, arrangements or transactions as stated in Section 188 of the Companies Act and Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 which are not in the ordinary course of business and not at arm's length basis.

“Material Modifications” shall mean an amendment to the terms of a transactions with a Related Party and the effect of which will be an increase over the approved limit for a transaction, by an amount exceeding Rs. 5 Crore (Rupees Five Crore) or 20% (twenty per cent) of the approved limit in a financial year, whichever is higher.

Provided further that any modification to the transactions / agreements entered into:

- a) for sale, purchase or supply of any goods or materials or availing or rendering of any services in the ordinary course of business and on arm's length basis;
 - b) between the Company and its wholly owned subsidiary;
 - c) 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 annual general meeting for approval,
- shall be excluded from the applicability of above definition.

“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.

“Transactions in the ordinary course of business” mean transactions/activities that are connected to or necessary for the business of the Company and satisfy the following principles:

- a) The transaction/activity is permitted under the Memorandum and the Articles of Association of the Company;
- b) The transaction/activity is carried on a frequent or regular basis or is as per the industry practise and
- c) The terms of the transaction/activity are similar to those which would be otherwise applicable to transactions with unrelated parties.

4. Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

4.1 Identification of Potential Related Party Transactions

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

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

4.2. Approval for Related Party Transactions

The Company shall not enter into any Related Party Transaction except as stated hereinafter.

4.2.1. *Transactions requiring approval of Audit Committee:*

- All Related Party Transactions and subsequent material modifications shall require prior approval of the Audit Committee. Provided that only those members of the Audit Committee, who are Independent Directors, shall approve the Related Party Transactions.
- A related party transaction to which the subsidiary of the 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.
- A related party transaction to which the subsidiary of the Company is a party but the Company 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 (with effect from 1.4.2023)

- A **prior approval** of the Audit Committee shall be required for all Related Party Transactions except for the following:
 - a) transactions between the Company and its wholly owned subsidiary/(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval (“WOS Transactions”)
 - b) 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

Provided that any of the above Related Party Transaction which is not in the ordinary course of business or not at arm’s length shall require a prior approval of the Audit Committee.

The Audit Committee shall approve/ratify the transactions listed under points (a) and (b) above subsequently.

- **Approval for unforeseen related party transactions:**

Pursuant to Regulation 23(3) of the Listing Regulations, where the need for related party transaction cannot be foreseen and the details required to be disclosed are not available, the Audit Committee may grant omnibus approval for such transactions, subject to their value not exceeding Rs.1 Crore (Rupees One Crore Only).

4.2.2. **Transactions requiring approval of Board:**

Following transactions shall require a prior approval of the Board:

- i) Related Party Transactions which are not in the ordinary course of business or not at arm’s length price and
- ii) Material Related Party Transactions.

4.2.3. **Transactions requiring approval of Shareholders of the Company:**

- All Material Related Party Transactions and subsequent material modifications as defined by the Audit Committee shall require prior approval of the Shareholders of the Company by way of a resolution passed at the general meeting of the Company; and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.

Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary

- All Related Party Transactions which are not in the ordinary course of business or not at arm’s length and which are in excess of the limits prescribed under the Act requiring the approval of shareholders, shall require prior approval of the Shareholders by way of a resolution passed at the

general meeting of the Company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.

4.2.4. Deemed Approval

- The transactions or arrangements which are specifically dealt under the separate provisions of the Law and executed under separate approvals/procedures from relevant committee shall be deemed to be approved for the purpose of this Policy. Such transactions are enumerated below:
 - a) Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
 - b) Payment of remuneration, fees, commission, etc. to directors pursuant to approval of the Nomination and Remuneration Committee;
 - c) Payments made to/received from Directors or Key Managerial Personnel pursuant to share based incentive plans as approved by shareholders.
 - d) Any benefits, interest arising to Related Party solely from the ownership of Company shares at par with other holders, for example, dividends, right issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee.
 - e) Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.
 - f) 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.
 - g) Corporate actions such as payment of dividend, subdivision or consolidation of securities, issuance of securities by way of right issue or bonus issue and buy-back of securities which are uniformly applicable/offered to all shareholders in proportion to their shareholding.

4.4. Approval & Review Mechanism:

While seeking the approval of the Audit Committee, Board or the Shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the Laws or by the Audit Committee or the Board, shall be duly provided to the Audit Committee, Board or Shareholders, as the case may be.

The Audit Committee may grant omnibus approval for Related Party Transactions considering the repetitive nature of the transactions.

The Audit Committee, shall, after being authorized by the Board of Directors, specify the criteria for granting omnibus approvals to the Related Party Transactions proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such omnibus approvals shall be valid for one financial year. The Audit Committee shall, while granting such omnibus approvals, satisfy itself about the adherence to the criteria so specified by it.

The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company.

The omnibus approval granted by the Audit Committee shall include the following particulars:

- i. Name of the related parties;
- ii. Nature and duration of the transaction;
- iii. Maximum amount of transaction that can be entered into;
- iv. The indicative base price or current contracted price and the formula for variation in the price, if any; and
- v. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

The Audit Committee shall not grant omnibus approval for transactions in respect of selling or disposing of the undertaking of the Company.

Any Director or Key Managerial Personnel who is interested in any Related Party Transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.

All entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.

The Audit Committee shall review, on a quarterly basis, the details of all Related Party Transactions entered into by the Company.

5. Disclosure:

Appropriate disclosures as required under the Laws shall be made in its Annual Report, Boards' Report and at such other places and to the Stock Exchanges on which equity shares of the Company are listed and such other authority as may be prescribed under the Laws.

The Company shall submit half yearly disclosures of related party transactions on a consolidated basis in the format specified in the relevant accounting standards for annual results to the stock exchange(s) within the prescribed time period and publish the same on Company's website, on publication of its half yearly standalone and consolidated financial results of the Company.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual report.

6. General:

The Policy would be subject to revision/amendment in accordance with the Laws. The Audit Committee shall review the Policy atleast once in three years for making suitable amendments for better implementation of the Policy.

The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

The power to interpret and administer the Policy shall rest with the Chairman of the Audit Committee whose decision shall be final and binding. The Chairman is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy.