



DHAMPUR BIO ORGANICS LIMITED

Policy on Related Party Transactions

A. PREFACE:

The Board of Directors (the "Board") of **Dhampur Bio Organics Limited** (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions (*including materiality of related party transactions and dealing with related party transactions*) as defined below.

This policy shall modulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

B. PURPOSE/OBJECTIVE:

This policy is framed as per the requirements of:

- a. Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any modification(s) / amendment(s) / re-enactment(s) thereof] ("SEBI LODR") and;
- b. Section 188 of the Companies Act, 2013 read with Rules 15 of the Companies (Meetings of Board and its Powers) Rules, 2014.

And is intended to warrant due and timely approval, disclosure and reporting requirements of transactions between the Company and its Related Parties.

C. DEFINITIONS:

- a. "**Act/Applicable Laws**" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof. It shall also include Listing Regulations and any other statute, law, standards, regulations, guidance note or other governmental instruction relating to Related Party Transactions.
- b. "**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.
- c. "**Audit Committee or Committee**" means "Audit Committee" constituted by the Board of Directors of the Company under the provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 as amended from time to time.
- d. "**Board of Directors**" or "**Board**" means the Board of Directors of the Company.
- e. "**Control**" shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 i.e.

"It shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner."

- f. "**Key Managerial Personnel**" means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 or under the applicable

accounting standards.

- g. “Material Related Party Transaction”** means a transaction with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:
- (i) A transaction(s), if the amount exceeds Rs. one thousand crore or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements, whichever is lower or such other threshold as may be laid down from time to time by Applicable Laws.
 - (ii) Transactions related to the payments made with respect to brand usage or royalty, if exceeded 5% of the annual consolidated turnover of the Company as per the last audited financial statements or such other threshold as may be laid down from time to time by Applicable Laws;
- h. “Material modification to a Related Party Transaction”** means
- (i) if the total value of transactions to be entered into after modification together with the value of transactions already executed before modification, during the relevant financial year, exceeds rupees one thousand crore or ten per cent of the consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;
 - (ii) 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 the Company as per the last audited financial statements.
- i. “Policy”** means the Policy as prescribed herein on related party transactions (*including materiality of related party transactions and dealing with related party transactions*).
- j. “Related Party”** An entity shall be considered as related to company if (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 applicable accounting standard; or (iii) *Provided that:
- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - (b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) 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 immediate preceding financial year; shall be deemed to be a related party:*
- k. “Relative”** means as defined under Section 2(77) of the Companies Act, 2013 and rules framed thereunder.
- l. Related Party Transaction or transaction (RPT)”** means transaction in the nature of contract involving transfer of resources, services or obligations between the Company

and the Related Party, regardless of whether a price is charged.

Explanation: A “transaction” with a Related Party shall be construed to include single or a group of transactions in a contract.

m. “Transactions in ordinary course of business” With particular reference to the company, Dhampur Bio Organics Limited, following transactions have been identified as Transactions in ordinary course of business. The following are not an inclusive list of transactions, these are just examples:

- (i) Sale of Goods, Materials and Services;
- (ii) Purchase of Goods, Materials and Services;
- (iii) Reimbursement of actual out of pocket expenses incurred from/to the Company to/ from the Related Party;
- (iv) Reimbursement of ESOP Expenses from subsidiaries;
- (v) Payment of remuneration (including sitting fee and ESOP, if any) to Related Parties from the company or subsidiaries, where they are working in a whole time position or as a director.

Unless the context otherwise requires, words or expressions contained in this Policy and not defined here, shall bear the same meaning as defined under the Applicable Laws.

D. POLICY AND PROCEDURE:

Policy:

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

Procedures:

a. Identification of Related Party Transactions:

Every director at the time of appointment & at the beginning of the financial year also whenever there is any change in the disclosures already made shall:

- (i) provide information by way of written notice to the company regarding his/her concern or interest in the entity which may be considered as related party with respect to the Company;
- (ii) provide the list of relatives as per provisions of Act.
- (iii) provide the information regarding their engagement with other entity during the financial year which may be regarded as related party according to this policy.

b. Review and approval of Related Party Transaction:

All Related Party Transactions and subsequent material modifications shall be reported to the Audit Committee for its prior approval in accordance with this Policy. The Committee shall review the transaction and recommend the same for approval of the Board and shareholders, if required, in accordance with this policy.

(i) By Audit Committee:

- Every Related Party Transaction and subsequent material modifications shall be subject to the 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.
- The Audit Committee may also, in the interest of the Company, grant omnibus approval for Related Party Transactions which are repetitive in nature and for RPTs that cannot be foreseen, as per the criteria and limit prescribed in SEBI LODR.
- The Audit Committee shall review at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval given and shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- Such omnibus approval referred above shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- To recommend the Related Party Transactions for approval of Board of Directors / Shareholders.

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

(ii) By the Board and the Shareholders:

- All RPTs (other than Material RPTs) which are not in the ordinary course of business or not at the arm's length price shall require prior approval of the Board of Directors of the Company.
- The director will abstain from discussion and voting on the subject matter of the resolution in case he is interested in any Related Party Transaction.
- All RPTs exceeding the threshold limits as prescribed in the Act shall also require prior approval of shareholders of the Company by way of Ordinary Resolution and related party/ies shall abstain from voting on such resolution.

All material Related Party Transactions and subsequent material modifications, other than those with Exempted Wholly Owned Subsidiaries and 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 will be placed for approval of the shareholders of the Company.

E. INFORMATION TO BE PLACED BEFORE AUDIT COMMITTEE AND/OR BOARD:

The agenda of the Audit Committee / Board meeting, at which any resolution pertaining to transactions with related parties is proposed to be moved, shall disclose:

- (a) the name of the related party and nature of relationship
- (b) Type, material terms and particulars of the proposed transaction

- (c) Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)
- (d) Tenure of the proposed transaction (particular tenure shall be specified)
- (e) Value of the proposed transaction
- (f) any advance paid or received for the contract or arrangement, if any
- (g) the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract
- (h) whether all factors relevant to the contract have been considered and if not, the details of factors not considered with the rationale for not considering those factors
- (i) The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)
- (j) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary
 - (i) details of the source of funds in connection with the proposed transaction
 - (ii) where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure
 - (iii) Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security
 - (iv) The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT
- (k) Justification as to why the RPT is in the interest of the listed entity;
- (l) A copy of the valuation or other external party report, if any such report has been relied upon
- (m) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis
- (n) Any other information that may be relevant

F. INFORMATION ANNEXED WITH EXPLANATORY STATEMENT OF NOTICE TO SHAREHOLDERS:

The explanatory statement to be annexed to the notice of a general meeting convened for the purpose of seeking approval of shareholders for entering into related party transactions shall contain the following particulars namely:-

- i. name of the related party;
- ii. name of the director or key managerial personnel who is related, if any;
- iii. nature of relationship;
- iv. A summary of the information provided by the management of the listed entity to the audit committee as specified in point 11 above
- v. Justification for why the proposed transaction is in the interest of the listed entity;
- vi. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under point 11(j) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)
- vii. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders
- viii. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis
- ix. any other information relevant or important for the members to take a decision on the proposed resolution.

G. TRANSACTIONS WHICH DO NOT REQUIRE APPROVAL:

Following transaction will not be requiring any approval:

- (i) Any transaction that involves the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (ii) Any transaction in which the interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party such as payment of dividend, buy-back of shares etc.
- (iii) Transactions entered into by the company in the ordinary course of business and at arm's length basis with its wholly owned subsidiary, whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.
- (iv) Corporate restructuring Transactions which are already approved by the Board and being carried out in accordance with the Applicable Laws;

H. DISCLOSURES:

Stock Exchange:-

- (i) Details of all material transactions with related parties shall be disclosed in the quarterly compliance report on corporate governance being submitted to the Stock Exchange.
- (ii) The Company shall submit within 15 days from the date of publication of its

standalone and consolidated financial results for the half year and simultaneously along with the financials w.e.f. 01.04.2023, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

Website:-

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.

I. POLICY REVIEW:

This Policy shall be reviewed by the Board of Directors at least once every three years. Further, the Board of Directors reserves the power to review and amend this policy from time to time as required under the Act or Listing Regulations.
