



***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.

The words and expressions used but not defined herein, shall have the same meaning as defined in the Companies Act and Listing Regulations or any other applicable law or regulation, as amended from time to time.

## **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.

The primary objective of the Policy is to ensure highest standard of Corporate Governance, transparency, probity, and ethical standards in all dealings of the Company with Related Parties such that its reputation is well protected, and it continues to enjoy high levels of trust and confidence of investors, regulatory authorities and other stakeholders.

## **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. **“Associate Company”** means any other Company, in which the Company has a significant influence, but which is not a Subsidiary Company of the Company having such influence and includes a joint venture company.

Explanation: For the purpose of this clause

“significant influence” means control of at least twenty per cent of total share capital, or business decisions under an agreement.

- e. **“Board of Directors” or “Board”** means the Board of Directors of the Company.
- f. **“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.”*

- g. **“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.
- h. **“Material Related Party Transaction”** means a Related Party Transaction which when entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds prescribed in SEBI LODR, as amended from time to time. Presently, the materiality thresholds are as set out below.: specified in Schedule XII of the SEBI Listing Regulations.

Notwithstanding the above, any transaction involving payment 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, exceeds five percent of the annual consolidated turnover as per the last audited financial statements of the Company.

- i. **“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 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.
- j. **“Policy”** means the Policy as prescribed herein on related party transactions (including materiality of related party transactions and dealing with related party transactions).

- k. **“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:

- l. **“Relative”** means as defined under Section 2(77) of the Companies Act, 2013 and rules framed thereunder.

- m. **Related Party Transaction or transaction (RPT)”** means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity 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 listed entity 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

- n. **“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 of the Board 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.
- A related party transaction above Rs. 1(One) Crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of the Company is a party but the Company is not a party,
  - a. shall require prior approval of the Audit Committee of the Company, if the value of such transaction exceeds lower of the following:
    - i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
    - ii) the threshold for the material related party transactions of the Company as specified in Schedule XII of the SEBI Listing Regulations.
  - b. In case, the subsidiary does not have audited financial statements for a

period of at least one year, prior approval of the audit committee of the Company shall be obtained if the value of such transaction exceeds the lower of the following:

- i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of SEBI LODR Regulations:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

- The approval of the Audit Committee of the Company shall not be required for:
  - i) transactions entered into between the Company and its wholly owned subsidiaries or between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval;
  - ii) a related party transaction to which the listed subsidiary of the Company is a party, but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary;

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to above, the prior approval of the Audit Committee of the listed subsidiary shall suffice.
  - iii) 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 the same is not material in terms of provisions of sub-regulation (1) of regulation 23 of SEBI Listing Regulations.
- 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 regulation 23(1) of SEBI LODR 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 regulation 23(9) of SEBI LODR 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.

- The audit committee may grant omnibus approval in accordance with the provisions of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 (3) of the SEBI LODR Regulations for related party transactions proposed to be entered between the Company or its subsidiary which are repetitive in nature.
- The Audit Committee shall review at least on a quarterly basis, the details of related party transactions entered into by the Company or its subsidiary pursuant to the omnibus approval given.
- 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.

**f. 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 Board shall inter alia consider factors such as, nature of the Related Party Transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction and any other information the Board may deem important/relevant for taking decision on a proposed transaction. On such consideration, the Board may approve the Related Party Transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.
- 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.

- The omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting and in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.

*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 E 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 E(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:**

- (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, simultaneously along with the financials, 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.
- (iii) Quarterly/Periodical update to the Audit Committee on all the related party transactions entered into by the Company.
- (iv) 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.

Any amendment or modification in the Listing Regulations, the Act, or any other applicable laws, impacting this Policy, shall automatically apply, and the relevant provisions of this Policy will be deemed amended accordingly, even if not explicitly updated.

*(Adopted in Board Meeting held on May 30, 2022 and last amendment ratified in the Board Meeting held on January 21, 2026)*

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