

**Related Party Transaction Policy**

**1. Preamble**

The Board of Directors (the "Board") of DIC India Limited (the "Company") has adopted this Related Party Transaction Policy (the "Policy") and the said Policy includes the key aspects of the statutory provisions including materiality threshold and the manner of dealing with Related Party Transactions in compliance with the requirements of Section 188 of the Companies Act, 2013 read with Rules made thereunder (CA 2013) and Regulation 23 and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) as amended from time to time.

**2. Objective**

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be applicable, and amendments from time to time. The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

**3. Definitions**

**"Arm's Length"** basis means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

**"Audit Committee"** means the Audit Committee of the Board constituted from time to time as per the provisions of Section 177 of the CA 2013 and SEBI LODR.

**"Board"** means the Board of Directors of DIC India Limited, as defined under the CA 2013.

**"Key Managerial Personnel"** means Key Managerial Personnel as defined under the CA 2013.

**"Material Related Party Transaction"** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds **1Rs. 1000 crore** or **ten percent (10%) of the annual consolidated turnover** of the Company as per the last audited financial statements of the Company, whichever is lower.

A 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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**"Material modifications"** means a significant change/modification in any of the related party transaction(s) already approved by Audit Committee, as mentioned below:

- i. Increase/decrease equivalent to 10% of the value of original contract/transaction/omnibus approval provided the value does not exceed Rs. 1 Crore per transaction per year
- ii. Any modification resulting in a transaction not meeting the arm's length principle; and
- iii. Any change in the terms and conditions of the Contract having a financial effect of 10% of the original contract/transaction/omnibus approval.

**"Ordinary course of business"** means transactions entered into in the normal course of the business pursuant to or for promoting or in furtherance of the company's business objectives, as per the Memorandum of Association of the Company and practices in the industry in which the company operates.

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<sup>1</sup> Pursuant to SEBI (LODR) (Sixth Amendment) Regulations 2021 and is effective from 1 April 2022

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<sup>2</sup>**“Related Party”** means a related party as defined under sub-section (76) of Section 2 of the CA 2013 or under the applicable accounting standards:

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 20% (Twenty per cent) or more; or
  - (ii) of 10% (Ten per cent) or more, with effect from 1 April 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;

will be deemed to be a related party.

<sup>2</sup>**“Related Party Transaction”** as defined under the SEBI LODR 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:

Provided that the following will not be a related party transaction:

- 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 by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - i. payment of dividend;
  - ii. subdivision or consolidation of securities;
  - iii. issuance of securities by way of a rights issue or a bonus issue; and
  - 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:

Related party transactions as per Section 188 of the CA 2013 means any transaction between a Company and its related party relating to:

- 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 the purchase or sale of goods, materials, services or property;
- f. Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
- g. Underwriting the subscription of any securities or derivatives thereof, of the Company;

**“Relative”** means a relative as defined under the CA 2013 and includes anyone who is related in any of the following manner –

- a. Members of a Hindu undivided family;

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- b. Husband or wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son's wife;
- g. Daughter;
- h. Daughter's husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister)

The terms **Director, Chief Financial Officer, Company Secretary**, and any term not defined in this Policy shall have the same meaning as assigned under the CA 2013 or SEBI LODR.

#### 4. IDENTIFICATION OF RELATED PARTIES

Every Director and Key Managerial Personnel (KMP) is responsible for providing disclosure to the Company, regarding persons and entities to be considered as "Related Party" by virtue of his /her being a Director/KMP in the entity or holding certain shareholding. Such notice will be provided to the Company at the time of appointment of such person as Director or KMP, at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

The Company Secretary shall be responsible to maintain an updated database of information pertaining to Related Parties reflecting details of –

1. All Directors and Key Managerial Personnel;
2. All individuals, partnership firms, companies and other persons as declared and updated by Directors and Key Managerial Personnel;
3. Company's holding company, subsidiary companies and associate companies;
4. Subsidiaries of holding company;
5. Director (other than Independent director) and Key Managerial Personnel of the holding company and their Relatives; and
6. Any other entity which is a Related Party as defined under Section 2(76) of the C 2013, SEBI LODR and the relevant Accounting Standards.

The database will be updated at all times will be reviewed by the Audit Committee/ Chief Financial Officer at least once a year.

Every Director, Key Managerial Personnel, Functional / Business heads / Chief Financial Officer will be responsible for providing prior notice to the Company Secretary/Compliance Officer of any potential Related Party Transaction. They will also be responsible for providing additional information about the transaction that the Board / Audit Committee may request, for being placed before the Audit Committee and the Board.

The Company Secretary/ Compliance Officer, in accordance with the criteria laid down in CA 2013 and SEBI LODR, will determine whether the transaction entered into by the Company constitute related party transactions requiring compliance with statutory provisions and this Policy and provide the same to the Audit Committee for their consideration and approval.

#### 5. Review and Approval of Related Party Transaction

All Related Party Transactions and any subsequent material modification thereto will be subject to the prior approval of the Audit Committee whether at a meeting or through electronic mode, subject to compliance with all applicable provisions. A member of the Audit Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Related Party Transaction is considered. Non-Independent Directors in the Audit Committee may participate in the discussions, however, only Independent Directors of the Audit Committee can approve the Related Party Transactions.

The Company Secretary/Compliance Officer in consultation with the Chief Finance Officer may refer any potential Related Party Transaction to any external legal/transfer pricing expert and the outcome or opinion of such exercise will be brought to the notice of the Audit Committee. Based on this notice, the Company Secretary/Compliance Officer will obtain necessary approvals under this Policy.

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The steps to be followed by company for entering into a Related Party Transaction will include the following:

- a) identify the transactions with Related Parties;
- b) determine whether the transaction is in the ordinary course of business operations or otherwise;
- c) review the commercial terms involved in the transaction and analyse whether the transaction is at 'arm's length' as if the party is unrelated;
- d) consider the value of the transaction to determine if it is a Material Related Party Transaction or material modification;
- e) determine the approval requirements applicable to the transaction in accordance with this Policy;
- f) prepare and maintain relevant documentation supporting the basis of its assessment;
- g) present the required details to the Audit Committee, Board or Shareholders for approvals as required; and execute the transaction once the approvals are obtained

### **6. Consideration by the Committee in Approving the Proposed Transactions**

While considering any transaction, the Audit Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Audit Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Related Party Transaction;
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Audit Committee deems relevant.

While considering the arm's length nature of the transaction, the Audit Committee will take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Audit Committee will take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

The following information will be placed before the Audit Committee wherein approval of the Audit Committee is to be sought for any RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. 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);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. 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);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:

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- 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; and
- iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;

The Audit Committee will review, on an annual basis, the status of long-term (more than one year) or recurring Related Party Transactions.

#### 7. Omnibus Approval by the Audit Committee

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval. While granting omnibus approval, the Audit Committee shall satisfy itself of the need for the omnibus approval and that same is in the interest of the Company. The omnibus approval shall specify the following:

- a. Name of the Related Party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Maximum amount of the transactions that can be entered into;
- e. Indicative base price / current contracted price and formula for variation in price, if any; and
- f. Such other conditions as the Audit Committee may deem fit.

Such transactions will be deemed to be pre-approved and will not require further approval of the Audit Committee before entering into the specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended or the approved threshold is likely to be breached by the Company. Any proposed variations / amendments to these factors shall require a prior approval of the Audit Committee.

Further, where the need of the related party transaction cannot be foreseen and all prescribed details are not available, the Audit Committee may grant an omnibus approval subject to the value of each transaction **not exceeding Rs.1,00,00,000/- (Rupees One Crore only)** in a financial year. The details of such transaction will be reported at the next meeting of the Audit Committee for ratification. Further, the Audit Committee will on an annual basis review and assess such transactions including the limits to ensure that they are in compliance with this Policy.

The omnibus approval shall be valid for a period of one year corresponding to the financial year of the Company i.e. commencing from 1<sup>st</sup> January till 31<sup>st</sup> December of that Calendar year and fresh approval will be obtained after the expiry of that financial year.

#### 8. Approval by the Board

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law i.e. all the Related Party Transactions which are either not in the ordinary course of business or not at arm's length basis, the Board will be required to approve these transactions at a meeting and the considerations set forth above shall apply with such modification as may be necessary or appropriate under the circumstances.

Also, all the Material Related Party Transactions as per the CA 2013 and SEBI (LODR), Regulations, 2015 will be approved by the Board of Directors of the Company. Any member of the Board who is a related party to any transaction, shall not vote to approve the concerned transaction.

#### 9. Approval of Material Related Party Transactions

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All Material Related Party Transactions and any subsequent material modification thereto shall require approval of the shareholders through requisite resolution and the Related Parties shall not vote to approve such resolution.

The notice being sent to the shareholders seeking approval for any proposed Related Party Transaction shall, in addition to the requirements under the CA2013, include the following information as a part of the explanatory statement:

- a) Summary of information provided to the Audit Committee;
- b) Justification for why the proposed transaction is in the interest of the listed entity;
- c) Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company, the details provided to Audit Committee w.r.t. this item;
- d) 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;
- e) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis; and
- f) Any other information that may be relevant.

#### 10. Related Party Transactions Not Previously Approved

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Audit Committee deems appropriate under the circumstances.

#### 11. Disclosure and Reporting of Related Party Transactions

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such Related Party Transaction. The Company Secretary and the Chief Financial Officer shall be responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the CA 2013.

Disclosures of Related Party Transactions on a consolidated basis shall be submitted to the Stock Exchange(s), in the format specified by SEBI, as amended from time to time, within 15 days from the date of publication of the results for the half year and publish the same on its website. This disclosure is effective from 01 April 2022.<sup>3</sup>

With effect from 01 April 2023, disclosures of Related Party Transactions on a half yearly basis shall be submitted to the Stock Exchange on the date of publication of its standalone and consolidated financial results.

#### 12. Review and Amendment

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Policy based on the changes that may be brought about due to any regulatory amendments or otherwise. The Board shall review this policy at least once every three years and update accordingly.<sup>4</sup>

The compliance of this Policy shall be the responsibility of Compliance Officer.

#### 13. Scope Limitation

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<sup>3</sup> Pursuant to SEBI (LODR) (Sixth Amendment) Regulations 2021 and is effective from 1 April 2022

<sup>4</sup> Pursuant to the SEBI (LODR) (Amendment) Regulations 2018 effective from 1 April 2019

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In the event of any conflict between the provisions of this Policy and of the SEBI LODR / CA, 2013 or any other statutory enactments, rules, the provisions of SEBI LODR / CA 2013 or statutory enactments shall prevail over this Policy.

#### **14. Dissemination of Policy**

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational employees and other concerned persons of the Company and shall be hosted on the website of the Company and web link thereto shall be provided in the annual report of the Company. The Policy will also be available for the stakeholders at the official website of the Company.

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