



DALMIA BHARAT LIMITED

Regd. Office: Dalmiapuram – 621651, Dist: Tiruchirapalli, Tamil Nadu

[CIN: L14200TN2013PLC112346]

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

As per Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), as amended, every listed company is required to formulate a policy on materiality of related party transactions and on dealing with related party transactions. In pursuance of the above, the Board of directors (the “**Board**”) of Dalmia Bharat Limited (the “**Company**” or “**DBL**”), has adopted this policy on related party transactions (“**Policy**”).

This Policy intends to ensure compliance by the Company with applicable provisions of the Companies Act, 2013 and the rules and regulations framed thereunder (“**the Act**”) and the Listing Regulations with respect to its transactions with related parties.

2. Definitions

- (i) “**Annual Turnover**” and “**Annual Consolidated Turnover**” means the turnover of the Company as reflected in the Audited Financial Statements of the preceding Financial Year on standalone and consolidated basis respectively.
- (ii) “**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.
- (iii) “**Arm’s Length Price**” means a price which is applied or proposed to be applied in a transaction between two unrelated persons.
- (iv) “**Associate Company**” has the meaning as ascribed to it in Section 2(6) of the Companies Act and Regulation 2 (1) (b) of the Listing Regulations, as the case may be.

- (v) **“Audit Committee”** or **“Committee”** means committee of the Board of Directors of the Company constituted in accordance with Regulation 17 of the Listing Regulations and Section 177 of the Companies Act.

- (vi) **“Board”** or **“Board of Directors”** means the board of directors of the Company.

- (vii) **“Chief Executive Officer”** has the meaning as ascribed to the term in Section 2(18) of the Companies Act, 2013.

- (viii) **“Chief Financial Officer”** has the meaning as ascribed to the term in Section 2(19) of the Companies Act, 2013.

- (ix) **“Company Secretary”** means a person who is appointed by the Company to perform the functions of the company secretary under the Companies Act, 2013.

- (x) **“Key Managerial Personnel”** has the meaning ascribed to the term under Section 2 (51) of the Companies Act.

- (xi) **“Manager”** has the meaning as ascribed to the term in Section 2(53) of the Companies Act, 2013.;

- (xii) **“Material Modification”** includes the modifications to the approved Related Party Transactions as under:
 - (a) Change by way of increase or decrease in value of transaction exceeding 10% of original transaction or Rs.1 Crore, whichever is higher; or
 - (b) Change in terms and conditions of the transactions, notional monetary value of which exceeds 10% of the value of original value of transaction or Rs.1 Crore, whichever is higher; or
 - (c) Change that results in transaction to become a transaction other than Arm’s Length Transaction; or
 - (d) Such other change as may be defined by the Board of Directors on the recommendation of Audit Committee.

- (xiii) **“Material Related Party Transaction”** means a transaction with a related

party if –

- (a) the transaction(s) to be entered into individually or taken together with previous transactions during a financial year (other than with an entity which is wholly owned subsidiary of the Company whose accounts are consolidated with the Company and placed before the approval of shareholders at the general meeting for approval) exceeds INR 1000 crore or 10% (ten per cent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower; or
- (b) transactions to be entered into with an entity (other than wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) involving payments with respect to brand usage or royalty to be entered into individually or taken together with previous transactions during a financial year, exceeding 5% (five percent) of the annual consolidated turnover as per the last audited financial statements;
- (c) the transaction(s) to be entered into, other than transactions entered into by the Company in the ordinary course of business if the same are on arm's length basis, is in relation to –
 - (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to 10% or more of the annual turnover of the Company; or
 - (ii) 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
 - (iii) leasing of property of any kind amounting to 10% or more of the net worth of the Company; or
 - (iv) availing or rendering of any services, directly or through appointment of agent amounting to 10% or more of the annual turnover of the Company; or
 - (v) appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs.2,50,000; or
 - (vi) underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the net worth.

- (xiv) **“Net Worth”** means net worth of the Company computed in accordance with Section 2(57) of the Act based on the Audited Financial Statements of the preceding financial year.
- (xv) **“Policy”** means this Policy on Related Party Transactions.
- (xvi) **“Related Party”** shall have the meaning ascribed to it under the Companies Act, Listing Regulations and applicable Accounting Standards including all amendments and modifications thereof from time to time.
- (xvii) **“Related Party Transaction”** shall have the meaning ascribed to it under the Act, Listing Regulations and applicable Accounting Standards including all amendments and modifications thereof from time to time.
- (xviii) **“Relative”** has the meaning as ascribed to the term in Section 2(77) of the Act.
- (xix) **“Significant Influence”** has the meaning ascribed to the term in Explanation to Section 2(6) of the Act.
- (xx) **“Specified Related Party Transaction”** means the transaction with a Related Party, if –
 - (a) the transaction(s) to be entered into with a person individually or taken together with previous transactions during a financial year, (other than its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) exceeds Rs.1,000 Crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower;
 - (b) transactions to be entered into with an entity (other than wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) involving payments with respect to brand usage or royalty to be entered into individually or taken together with previous transactions during a financial year, exceeding 5% (five percent) of the annual consolidated turnover as per the last audited financial statements;

- (c) the transaction(s) to be entered into, other than transactions entered into by the Company in its ordinary course of business and the same are on an arm's length basis, is in relation to –
- (i) sale, purchase or supply of any goods or materials;
 - (ii) selling or otherwise disposing of, or buying, property of any kind;
 - (iii) leasing of property of any kind;
 - (iv) availing or rendering of any services;
 - (v) appointment of any agent for purchase or sale of goods, materials, services or property;
 - (vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
 - (vii) underwriting the subscription of any securities or derivatives thereof, of the Company.
- (xxi) **"Transaction"** with a related party shall be construed to include any contract or arrangement or transaction, whether single or as a group of transaction and for the purpose of applying thresholds laid down in this Policy it shall include previous transaction(s) during the financial year with the said Related Party.
- (xxii) **"Whole Time Director"** ha the meaning as ascribed to the term in Section 2(94) of the Act.

Any other term used but not defined herein shall have the meaning ascribed to such term in the Companies Act or the Listing Regulations.

3. **Requirements:**

- 3.1.1 All Related Party Transactions and subsequent modifications thereof must be reported to the Audit Committee and referred for prior approval by the Committee in accordance with this Policy. However, the Audit Committee may grant omnibus approval for the Related Party Transactions proposed to be entered into by the Company in accordance with Para **4.2** of this Policy.
- 3.1.2 Only those members of Audit Committee who are Independent Directors shall approve Related Party Transactions. Upon approval by the Audit

Committee, Specified Related Party Transactions must be referred to the Board for prior approval in accordance with this Policy.

- 3.1.3 Where any member of the Audit Committee or any director is considered interested in any transaction with Related Party, such member or director shall abstain during discussions and voting on the subject matter of the resolution relating to such transaction at the meetings of Audit Committee or the Board, as the case may be.
- 3.1.4 Upon approval by the Audit Committee / Board, all Material Related Party Transactions and any subsequent Material Modifications thereto shall require prior approval of the shareholders through requisite resolution in accordance with this Policy. The voting by the related parties on such shareholders' resolutions shall be in accordance with the provisions of the Act and / or the Listing Regulations, as the case may be.
- 3.1.5 Any Related Party shall not be eligible for appointment as auditor (including internal auditor, cost auditor, secretarial auditor, etc.) of the Company.
- 3.1.7 In case where the Act or Listing Regulations or SEBI Guidelines or any other statutory requirement is more stringent (i.e. contains additional approvals or restrictions or disclosures or intimations or procedure) in relation to any transaction, the requirements contained in the respective statute shall also be required to be fulfilled and observed in addition to compliance with this Policy.

3.2 Identification of Related Parties and potential Related Party Transactions

- 3.2.1 Every Director and Key Managerial Personnel shall make a disclosure to the Company at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, in every financial year disclosing all persons or entities that would be regarded as Related Parties for the Company in accordance with this Policy on account of his being Director or Key Managerial Personnel of the Company. Such disclosure shall include disclosure of his (and his relatives' concern or interest in any

- company(ies) or bodies corporate, firms or such other associations of individuals which shall include the shareholding, directorship, membership, partnership, etc..
- 3.2.2 Based on the disclosure received from Directors and Key Managerial Personnel, the Chief Financial Officer (CFO) and in his absence, the Company Secretary (CS) of the Company shall compile and provide list of Related Parties of the Company and/or any update therein.
- 3.2.3 In the case of companies which are subsidiaries of the Company, the CFO, and in his absence CS thereof, and in case where a company is not having CFO and CS, any person authorised by its Board of Directors, of the unlisted subsidiary companies shall be responsible to compile and provide list of Related Parties of the respective subsidiaries to the CFO and / or the CS of the Company and any update thereof shall be intimated on quarterly basis or more frequently if need arise (i.e. immediate basis in case of upcoming proposed transaction, etc).
- 3.2.4 The CFO shall also identify other persons or entities that would be regarded as Related Parties on account of their relationships as mentioned in the definition of “Related Party” hereinabove on a quarterly basis based on the information available with him or after making enquiries as the case may be. The CFO shall share the list of such identified persons or entities to the CS of the Company.
- 3.2.5 The CFO/CS shall prepare a comprehensive list of Related Parties based on the information received under Para 3.2.1 to 3.2.4. Such list shall be updated on a quarterly basis, or on such lesser frequency (if the need arises) and circulated to all the persons having authorities to carry out any transactions so that the Policy can be adhered to.
- 3.2.6 The CFO shall ensure that all the related parties mentioned in the comprehensive list of Related Parties are earmarked as Related Parties in the SAP or any other accounting software used by the Company.
- 3.2.7 The CFO and in his absence the CS/person authorised by the Board of an unlisted subsidiary company shall be responsible for notifying the CFO/ CS

of the Company of any potential Related Party Transaction involving the respective subsidiary. The CFO and CS, will determine whether the transaction constitute a Related Party Transaction requiring compliance with this Policy and shall accordingly place the same for the approval of Audit Committee and/or the Board of the Company.

4. **Review and approval of Related Party Transactions**

4.1 **Approval of the Audit Committee**

4.1.1 All Related Party Transactions, and their subsequent Material Modifications thereto, shall require prior approval of the Audit Committee in accordance with this Policy.

4.1.2 A related party transaction to which a subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover (10% of the annual standalone turnover of the subsidiary w.e.f. April 1, 2023), as per the last audited financial statements of the Company.

However, 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 Listing Regulations with respect to related party transactions and corporate governance are applicable to such listed subsidiary.

4.1.3 However, in case where the Audit Committee has granted Omnibus Approval for the Related Party Transactions proposed to be entered into by the Company in accordance with Para 4.2 of this Policy, prior approval of the Audit Committee for each such transaction shall not be necessary.

4.1.4 To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, 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. In granting approval to a Related Party Transaction,

the Committee shall *inter-alia* consider the following factors to the extent relevant to the Related Party Transaction:

- (a) Whether the terms of the Related Party Transaction are fair and are on arms' length to the Company;
- (b) Reasons for the Company to enter into the Related Party Transaction;
- (c) Whether the Related Party Transaction would present a conflict of interest for any director or Key Managerial Personnel of the Company,
- (d) Such other information as may be required to be reviewed under SEBI Circular dated 22nd November, 2021 or any other circulars as may be issued from time to time by SEBI or any other statutory or regulatory authority.

4.1.5 In case:

- (a) it is mandatory under the Act or Listing Regulations or any other law for the time being in force for the Board to consider and/or approve a Related Party Transaction; or
- (b) the Audit Committee refers a Related Party Transaction for consideration and/or approval of the Board; or
- (c) the Board *suo moto* elects to review a Related Party Transaction.

in such cases, the Related Party Transaction shall be placed before the Board for approval and the process set forth in Para 4.1.4 shall apply to such transaction.

4.2 **Omnibus Approval:**

- 4.2.1 The Audit Committee may grant omnibus approval for Related Party Transactions, which are repetitive in nature. The Audit Committee shall lay down the criteria for granting the Omnibus Approval in accordance with the Policy.
- 4.2.2 The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interests of the Company.

4.2.3 The Audit Committee shall, after obtaining approval of the Board, specify the criteria for granting the omnibus approval to the Related Party Transaction in line with this Policy which shall include the following namely:

- (i) maximum value of the transaction, 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, of Related Party Transactions entered into by the Company pursuant to each omnibus approval made;
- (v) transactions which cannot be subject to the omnibus approval by the Audit Committee.

4.2.4 The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

- (i) repetitiveness of the transactions (in past or in future); and
- (ii) justification for the need of omnibus approval.
- (iii) The omnibus approval shall specify:
 - (a) the name/s of the Related Party(ies);
 - (b) nature and duration of transaction;
 - (c) maximum amount of transaction that can be entered into;
 - (d) indicative base price or current contracted price and the formula for variation in the price, if any;
 - (e) any other information relevant or important for the Audit Committee to take a decision on the proposed transaction, and
 - (f) such other conditions as the Audit Committee may deem fit.

- 4.2.5 Where the need for Related Party Transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding INR 1,00,00,000 (Indian rupees one crore) per transaction.
- 4.2.6 Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- 4.2.7 The Audit Committee shall review, on a quarterly basis, the aggregated value and other details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.
- 4.2.8 Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.

4.3 Approval of the Board

- 4.3 Upon recommendation by the Audit Committee, if the proposed transaction is Specified Related Party Transaction or a Material Related Party Transaction, the same will be referred for review and prior approval of the Board. While granting approval, the Board shall *inter-alia* consider the factors mentioned in Para 4.2.4 hereof with such modifications thereto as may be necessary or appropriate under the circumstances.

4.4 Approval of the shareholders of the Company

- 4.4.1 Upon approval by the Board, if the proposed transaction is Material Related Party Transaction or there is any subsequent Material Modifications thereto, the same shall be placed for prior approval of the shareholders by requisite resolution during the next General Meeting/Postal Ballot.
- 4.4.2 The shareholders shall be provided with the relevant information regarding the proposed Related Party Transaction, including those required under the Act, the Listing Regulations, circulars/ notifications issued thereunder, and applicable accounting standards, in the Explanatory Statement to be annexed to the notice of the General Meeting/Postal Ballot so as to enable the shareholders to take decision on the same. After discussion in the

General Meeting, the shareholders may pass requisite resolution, with such modification thereto as may be necessary or appropriate as they deem fit.

- 4.4.3 However, the requirement of shareholders' approval shall not be applicable for :-
- a. related party transaction to which the listed subsidiary is a party but the Company is not a party, if provisions of Listing Regulations with respect to related party transactions and corporate governance are applicable to such listed subsidiary;
 - b. transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
 - c. 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.

4.4.4 The voting by the related parties on a resolution placed for approval of shareholders in terms of Para 4.4 shall be in accordance with the provisions of the Act and / or the Listing Regulations, as the case may be.

4.5 Related Party Transaction Not Approved under this Policy

4.5.1 In the event the Company becomes aware of a Related Party Transaction with a Related Party has not been approved under this Policy prior to its consummation, the matter shall be placed before the Committee / Board for its review. The Committee/Board shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee/Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under the Policy and shall take such action as it deems appropriate.

4.5.2 In case the Committee/Board considers not to ratify a Related party Transaction that has been commenced without its approval, the Committee/Board may direct additional actions, including but not limited to, immediate discontinuation, or rescinding of the transaction.

5. Exceptions:

5.1 Approvals of Audit Committee/Boards of Directors/shareholders under this Policy shall not be applicable in the following cases:

- (a) Transactions entered into by the Company with its wholly owned subsidiaries, whose accounts are consolidated with the Company and placed before the shareholders at general meeting for approval, if
 - (i) the transaction is in the ordinary course of business of the Company and the same is on an arm's length; or
 - (ii) the transaction pertaining to making investment in or granting of loan or issuance of guarantee or providing of security on behalf of such wholly owned subsidiary;
- (b) Any transaction that involves the providing of compensation to a director in connection with his or her duties to the Company;
- (c) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits as the Related Party like payment of dividend, sub-division or consolidation of securities, issuance of securities by way of bonus or rights, buy back of securities, etc.;
- (d) Issue of specified securities on a preferential basis, subject to compliance of the requirements of the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (e) Transactions involving corporate restructuring such as capital reduction, merger, demerger, hive-off etc. which are approved by the Board and carried out in accordance with the requisite approvals in accordance with the specific provisions of the Act or Listing Regulations and other applicable provisions;
- (f) Contributions towards Corporate Social Responsibility within the overall limits approved by the Board that require the approval of the CSR Committee;



- (g) Any transaction pertaining to appointment and remuneration of Directors and KMPs that require approval of the Nomination and Remuneration Committee and the Board.

6. Disclosure requirements

The Company shall ensure appropriate disclosures as required under the Act or any rules or regulations made thereunder, Listing Regulations, applicable accounting standards and circulars/notifications issued by MCA/SEBI or any other law for the time being in force. These disclosures shall include disclosures required to be made to the Audit Committee, Board of Directors, shareholders and stock exchanges are made in a timely manner.

7. Review of the Policy

The Board shall review the Policy once in three years and amend this Policy from time to time based on recommendations received from the Audit Committee.

In case of any subsequent changes to the Act or the SEBI Listing Regulations which make any of the provisions of the Policy inconsistent with the Act or the SEBI Listing Regulations, as the case maybe, the provisions of the Act and the SEBI Listing Regulations would prevail over the Policy and the provisions of the Policy would be modified in due course to make it consistent with applicable law.

Note: This policy was adopted by the Board of Directors of the Company at its meeting held on October 15, 2018 and amended at its meeting held on July 27, 2021. The 2nd amendment to the Policy was approved by the Board of Directors in its meeting held on August 04, 2022