

POLICY ON RELATED PARTY TRANSACTIONS
(Approved by the Board of Directors on 2nd February 2024
and is effective from 2nd February 2024)

1) REGULATORY FRAMEWORK

- i. This policy (“the Policy”) of Dhanuka Agritech Limited (“the Company”) has been framed and adopted in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”) and the Companies Act, 2013 (“the Act”) read with rules framed thereunder. Amendments, to the Policy, if any, from time to time, shall be considered by the Board of Directors of the Company (“the Board”) based on the recommendations of the Audit Committee.
- ii. Regulation 23 of SEBI LODR requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and criteria of material modifications of the same. In view of the above, the Company has framed this Policy on Related Party Transactions.
- iii. The Board on recommendation of the Audit Committee of the Company (“Audit Committee”) **shall review the Policy once in three years** and may amend the same from time to time.

2) OBJECTIVE OF THE POLICY

The objective of this Policy is to set out

- a. The materiality thresholds for Related Party transactions;
- b. That proper reporting, approval and disclosure processes are in place for all Related Party Transactions between the Company and Related Parties. and;
- c. The process for identification of Related Parties, procedure for entering into Related Party Transactions, approval at various levels, disclosures and reporting obligations, criteria and procedure for approving Related Party Transactions, etc.

3) DEFINITIONS

- 3.1 “**Act**” means Companies Act, 2013 and Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- 3.2 “**Audit Committee**” shall mean the Audit Committee constituted by the Board of the Company from time to time, in accordance with the provisions of the Act and SEBI LODR.
- 3.3 “**Arm’s length basis**” means a transaction between two Related Parties that is conducted as if they are unrelated, so that there is no conflict of interest.
- 3.4 “**Board of Directors**” or “**Board**” shall mean the collective body of the Directors of the Company as constituted from time to time, in line with the provisions of the Act and SEBI LODR.
- 3.5 “**Holding Company**” shall have the same meaning as defined under the Act.
- 3.6 “**Key Managerial Personnel**” in relation to Company means (i) Chief Executive Officer or Managing Director or Manager (ii) Company Secretary (iii) Whole-time Director (iv) 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(s) as may be prescribed under the Act from time to time.

3.7 “Material Related Party Transaction” means a transaction with a Related Party which is material in accordance with the thresholds as prescribed in the SEBI LODR.

3.8 “Ordinary Course of Business” A transaction will be treated as transaction in the ‘Ordinary Course of Business’ if it is:

- i covered in the object clause of the Memorandum of Association of the Company
- ii repetitive/ frequent in nature
- iii normal and otherwise routine in the particular business
- iv common in a particular industry
- v in furtherance of business objectives and/ or business purposes of the Company.

The above list is indicative, and the Company shall assess each transaction basis its type & nature.

3.9 “Policy” means this Policy on Related Party Transactions, including amendments, if any, from time to time.

3.10 “Related Party” means a person or an entity as defined under–

- i section 2 (76) of the Act;
- ii regulation 2(1)(zb) of the SEBI LODR; or
- iii applicable Accounting Standards

3.11

3.12 “Related Party Transaction” (RPT) means –

- i A transaction between the Company and Related Party which is of the nature specified in clause (a) to (g) of Section 188(1) of the Act; and
- ii A Transaction involving transfer of resources, services or obligations between the parties as specified in Regulation 2(1)(zc) of SEBI Listing Regulations.

In terms of the applicable provisions of SEBI Listing Regulations, following transactions shall not be considered as Related Party Transactions:

- i Issue of specified securities on a preferential basis, subject to compliance of the requirements under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
- ii Following corporate actions by the Company which are uniformly applicable/ offered to all the shareholders in proportion to their shareholding: -
 - Payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - buy-back of securities.

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on recognized Stock Exchange(s).

3.13 “Relative” means relative as defined under Section 2(77) of the Act read with Rule 4 of Companies (Specification of Definition Details) Rules, 2014 and the amendments made thereunder from time to time.

3.14 “Subsidiary Company” or “Subsidiary”, shall have the meaning as defined under the Act.

3.15 “Transactions” with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act or Rules made thereunder, SEBI LODR, applicable Accounting Standards or any other law or regulation applicable to the Company.

4) IDENTIFICATION OF RELATED PARTIES

- i All the Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other Companies, firms or concerns at the time of their appointment, at the beginning of every financial year and any change in such interest during the year. In addition, all the Directors and KMPs are responsible for providing notice to the Company Secretary of any potential RPT involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request.
- ii The Board shall record the disclosure of Interest and the Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this policy.
- iii Notice of any potential Related Party Transaction is given well in advance to the Board/ Audit Committee. It contains adequate information about the Related Party transaction(s) and provides the Board/Audit Committee members sufficient time and information to consider and review the proposed transaction(s).
- iv The Compliance Officer shall maintain a database of Company’s Related Parties containing the names and other applicable details of individuals and the entities, identified on the basis of the definition set forth in this policy.

5) REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

- i **Approval of Audit Committee**
 - a) All RPTs, and subsequent material modifications shall require prior approval of the Audit Committee.
 - b) RPTs where subsidiary is a party, but the Company is not a party subject to the threshold limits as specified under SEBI LODR.
 - c) The Audit Committee in consultation with Board shall lay down the criteria for granting the omnibus approval and material modification to a transaction in line with this Policy.
 - d) Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, subject to the following conditions, namely –
 - The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company. Provided that where the need for RPTs cannot be foreseen and required details are not available, the Audit Committee may grant

an omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- Such omnibus approval shall be based on the criteria specified in the Act and the SEBI LODR.
 - The omnibus approval of the Audit Committee shall be valid for a period of one year and shall require fresh approval after the expiry of one year.
 - In case the Audit Committee does not approve any transaction, then it shall make its recommendations to the Board.
- e) The Audit Committee shall review the status of long-term (more than one year) or recurring RPTs on an annual basis and RPTs entered by the Company pursuant to each of the omnibus approval given on a quarterly basis.
- f) **Only those members of Audit Committee who are Independent Directors, will approve Related Party Transactions. Any member of Audit Committee having a potential interest in the proposed RPT, will recuse himself and abstain from discussion and voting on the proposal for approval of the said transaction.**

ii Approval of Board of Directors

- a) Following Related Party Transactions shall require prior approval of the Board of Directors of the Company:
- Transactions in which any of the Directors or the KMPs of the Company are concerned or interested.
 - Transactions specified in Section 188(1) of the Act which are not in the ordinary course of business and/or not on arm's length terms.
 - Material Related Party Transactions which are proposed to be placed before the Shareholders for approval.
 - Related Party Transactions where Audit Committee of the Company is of the opinion that the same should be brought before the Board of Directors or if the Board of Directors suo-moto decides to review any such transaction.
 - Related Party Transactions for which approval of the Board of Directors is mandatory under any applicable law for time being in force.
 - Any Material Modification to the Related Party Transactions already approved by the Board of Directors.
 - Any other transaction as may be prescribed by the Shareholders from time to time.
- b) The Company may, if it considers necessary and shall, if the Audit Committee or Board so requires, seek external professional opinion to determine whether a Related Party Transaction is in the Ordinary Course of Business and/ or at Arms' Length price.
- c) Any Director who (or whose Relative) is concerned or interested in any potential Related Party Transaction shall not be present at the meeting or shall abstain from discussion and voting on the approval of such Related Party Transaction.

iii Approval of the Shareholders of the Company

- a) Following Related Party Transactions shall require prior approval of the Shareholders of the Company:
- (i) Material Related Party Transactions and Material Modifications thereto.
 - (ii) Transactions specified in Section 188(1) of the Act which:
 - are not in the ordinary course of business and/or not on arm's length terms; and

- exceed the threshold specified in Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification or reenactment thereof.

b) No Related Party shall vote to approve such resolution whether the entity is Related Party to the particular transaction or not to the extent it is so specified in Act and SEBI LODR.

c) Exceptions

The approval of the Audit Committee or Board or Shareholders of the Company shall not be required for the following Related Party Transactions:

- i. Transactions entered into between the Company and its wholly-owned subsidiary company whose accounts are consolidated with the Company and placed before the Shareholders of the Company at the general meeting for approval.
- ii. Transactions entered into between two wholly-owned subsidiaries of the Company whose accounts are consolidated with the Company and placed before the Shareholders of the Company at the general meeting for approval.
- iii. Any other transaction for which approval of the Audit Committee or Board or Shareholders, is not required or exempted under the Act, SEBI Listing Regulations or any other applicable law.

6) TRANSACTIONS COVERED UNDER OTHER PROVISIONS IN LAW / APPROVED BY SEPARATE COMMITTEES :

The transactions or arrangements which are specifically dealt under the separate provisions of the law and executed under separate approvals/procedures from relevant competent authority or Committee shall be deemed to be approved under 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, except any special benefit given to such person.
- b) Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval except any special benefit given to such person.
- c) Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to shareholders approval including ESOPs.
- 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 which is in line with Board approved plan.
- e) Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of Board or the Corporate Social Responsibility Committee.
- f) Corporate actions which are uniformly applicable to everyone including related parties.
- g) Corporate Restructuring such as merger, demergers, capital reductions etc.
- h) Transactions or arrangements exempted under the Act and/or SEBI Listing Regulations.

7) DISCLOSURE REQUIREMENT:

- i. This policy shall be uploaded on the website of the Company viz **www.dhanuka.com** and a web link thereto shall be provided in the Board's Report.
- ii. The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act, if any, with Related Parties, which are not in Ordinary Course of Business or

arm's length basis along with the justification for entering into such transaction. The Company shall also disclose in its Annual Report, details of RPTs of the Company and its subsidiaries relating to Loans and advances which are in the nature of loans to firms/companies in which directors are interested.

- iii. A summarized statement of all transactions with Related Parties entered during the relevant quarter pursuant to the contracts or arrangements already approved by the Audit Committee/ Board of Directors/ Shareholders (as applicable), shall be placed before the Audit Committee and Board of Directors for their information, review & noting, at each quarterly meeting.
- iv. The Company shall submit disclosures of Related Party Transactions to the Stock Exchange, in the format as specified by SEBI from time to time and publish the same on its website.

8) RATIFICATION OF TRANSACTIONS

- i. In the event any Director, KMP, any other officer or the Company becomes aware of any Related Party Transaction that is in deviation of this Policy and/or has not been approved under this Policy prior to its consummation, such person shall promptly notify the matter to the Company Secretary of the Company who shall ensure that the same is placed before the Audit Committee/ Board of Directors (as applicable) at the earliest but not later than first meeting of the Audit Committee or Board of Directors held after the date of such intimation.
- ii. The Audit Committee/ Board of Directors (as applicable), shall consider all the relevant facts & circumstances regarding the said transaction and shall evaluate all the options available to the Company such as ratification, revision, termination etc. of the said Related Party Transaction. While reviewing and evaluating the aforesaid transaction, Audit Committee/ Board of Directors (as applicable) shall have the power to modify or waive any procedural requirement of this Policy.
- iii. The post facto approval / ratification granted by the Audit Committee, the Board and / or shareholders shall not be deemed to violate this policy and the said transaction would not be invalid or unenforceable.

9) LIMITATION AND AMENDMENT

- i. In the event of any conflict between the provisions of this policy and of the Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, the provisions of such Act or SEBI LODR or any other statutory requirements, rules, regulations, enactments, shall prevail over this policy.
- ii. Any subsequent amendment / modification in SEBI LODR, Act and/ or applicable laws in this regard shall automatically apply to this policy and the Company Secretary is authorized to make such amendment / modification to this policy in consultation with the Vice Chairman & Managing Director of the Company.