

POLICY ON RELATED PARTY TRANSACTIONS

Date of Implementation of policy	January 23, 2015
Last amended Date	April 01, 2022

1. INTRODUCTION

Dilip Buildcon Limited (“**Company**” or “**DBL**”) recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions whether such transactions are in the best interest of the Company and its stakeholders. Therefore, the Board of the Company, acting upon the recommendation of its Audit Committee (the “**Committee**), has adopted the following policy and procedures considering the requirements as prescribed under the Companies Act, 2013 (“**Act**”) read with the Rules framed there under and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“**Listing Regulations**”) with respect to Related Party Transactions of the Company.

2. PURPOSE

The policy is framed in accordance with the requirements as laid down in Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (“**Listing Regulations**”). This policy lays down the mechanism to deal with the related party transactions.

All the terms used in this Policy but not defined herein shall have the meaning as assigned to such term in the Companies Act, 2013 and the rules made thereunder or the Listing Regulations, as amended from time to time.

3. DEFINITIONS

“**Arm’s length Transactions**” means a transaction between two or more Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

“**Board**” means the Board of Directors of Dilip Buildcon Limited, as constituted from time to time.

“**Company**” means Dilip Buildcon Limited.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Companies Act, 2013 and includes

- i. Managing Director, or Chief Executive Officer or manager and in their absence, a whole-time director;
- ii. Company Secretary; and
- iii. Chief Financial Officer

“**Ordinary course of Business**” means a transaction which is: -

- i. Carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time;
- ii. Historical practice with a pattern of frequency; or
- iii. Common commercial practice; or
- iv. Meets any other parameters/criteria as decided by Board/Audit Committee.

“**Policy**” means Related Party Transaction Policy.

“**Relative**” means relative as defined under section 2(77) of the Companies Act, 2013, as amended from time to time.

“Related Party” means Related Party as defined under Section 2(76) of the Companies Act, 2013, and regulation 2(1)(zb) of the Listing Regulations and/ or under the applicable accounting standards, as amended from time to time which has a wider scope for identification of Related Party.

“Related Party Transaction” shall have the same meaning as defined under Regulation 2(1)(zc) of the Listing Regulations.

“Material Related Party Transaction” means a transaction with a Related Party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.

Further, 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the of the Company.

“Subsequent Material Modifications”

Material modification will mean and include any modification to an existing related party transaction having variance of **10% or Rs. 200 Crores whichever is lower** of the existing limit as sanctioned by the Audit Committee/Board/Shareholders, as the case may be.

4. IDENTIFICATION OF RELATED PARTY AND TRANSACTIONS

Each director and Key Managerial Personnel are responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

THRESHOLD LIMITS FOR DEALING WITH RELATED PARTY TRANSACTIONS

Sl. No.	Nature of transaction with a related party	Threshold limit till which related party transaction can be carried out with Board approval	Threshold limit till which related party transaction can be carried out with shareholders’ approval (*)
1	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	Upto 10% of the turnover	No upper limit
2	Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent	Upto 10% of net worth	No upper limit

3	Leasing of property of any kind	Upto 10% of the turnover or 10% of net worth, whichever is lower	No upper limit
4	Availing or rendering of any services, directly or through appointment of agent	Upto 10% of the turnover	No upper limit
5	Appointment of any agent for purchase or sale of goods, materials, services or property	As stated under (1) or (2) or (3) or (4), whichever is applicable	No upper limit
6	Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration upto Rs. 2,50,000/-	No upper limit
7	Underwriting the subscription of any securities or derivatives, thereof, of the Company	Upto 1% of net worth	No upper limit
8	Payment towards brand usage or royalty	Upto 5% of Annual Consolidated Turnover	No upper limit

*Shareholders reserve the right to specify maximum permissible limit upto which transaction with a respective related party may be carried out in a financial year, in the event whereof such permissible limit will be reckoned as threshold limit for the purpose of this policy.

Note:

1. Threshold limit shall be determined per year basis
2. 'Networth' or 'Consolidated Turnover' or 'Turnover', wherever specified shall refer to respective figures as per last audited financial statement.

5. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

Approval by Audit Committee:

All related party transactions and subsequent material modifications thereof requires prior approval of the Audit Committee and only those members of the audit committee, who are independent directors, shall approve related party transactions.

Further, a related party transaction to which the subsidiary of the Company is a party but the Company itself is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company.

**Further, a related party transaction to which the subsidiary of the Company is a party but the Company itself is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;*

*(*With effect from April 1, 2023 or any other date as may be prescribed by the SEBI)*

The Management of the company shall in compliance with the Circular no. **SEBI/HO/CFD/CMD1/CIR/P/2021/662** dated November 22, 2021, place before the Committee the following information for the purpose of approval of the audit committee for the prospective related party transactions, namely;

- a. Type, material terms and particulars of the proposed transaction;

- b. Name of the related party and its relationship with the Company 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 Company'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 Company 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, then;
 - 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 related party transaction.
- g. Justification as to why the related party transaction is in the interest of the Company;
- 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 related party transaction on a voluntary basis;
- j. Any other information that may be relevant for the related party transactions.

Moreover, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval 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, related party transaction 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.
- b. 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);
 - ii. justification for the need of omnibus approval
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;

- d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit.

Provided that 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 rupees 1 crore per transaction.

- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;
- f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- g. All material related party transactions shall require approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not:

Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

- h. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- i. Any other conditions as the Audit Committee may deem fit.
- j. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in the Companies act, 2013 and rules made thereunder read with Listing regulations.
- k. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
1. Transactions which are not at arm's length or not in the ordinary course of business
 2. Transactions which are not repetitive in nature
 3. Transactions exceeding materiality thresholds as laid down in the relevant provisions of the act and regulations.
 4. Transactions in respect of selling or disposing of the undertaking of the company
 5. Financial Transactions eg. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties
 6. Any other transaction the Audit Committee may deem not fit for omnibus approval

Approval by members in General Meeting/through Postal Ballot:

- a) All the Material related party transactions and subsequent modifications thereof and all those related party transactions which;
- have exceeded the threshold limits as specified under Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2015; or
 - are not at Arm's Length and/or not in the ordinary course of business

shall require the approval of members at the general meeting.

- b) For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not. However, this condition shall not apply in respect of a resolution plan approved u/s 31 of the Insolvency and Bankruptcy Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.
- c) However, the requirement of shareholders' approval shall not be applicable for 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 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.
- d) The notice containing Explanatory Statement for the purpose of seeking approval of the members at the general meeting, shall contain following information as prescribed under the SEBI Circular no. **SEBI/HO/CFD/CMD1/CIR/P/2021/662** dated November 22, 2021, which are in addition to the disclosures as specified in the Companies Act, 2013 and rules made thereunder, as amended from time to time, namely:
 - i. Summary of the information provided by the management of the Company to the audit committee for the purpose of seeking approval of the committee;
 - ii. Justification for why the proposed transaction is in the interest of the Company;
 - iii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details as provided to the audit committee for the same transaction;
 - iv. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
 - v. 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;
 - vi. Any other information that may be relevant for the proposed related party transactions.

6. DISCLOSURES

The Company shall disclose the following: -

- 1) In the Board's report, transactions prescribed in Section 188(1) as specified in Form AOC-2;
- 2) In Corporate Governance Report which is required to be submitted to the Stock exchange on Quarterly Basis;
- 3) 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;
- 4) In the Annual Report as prescribed in Para A of Schedule V of the SEBI (LODR) Regulations, 2015;
- 5) The company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, 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;

- 6) The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

7. NON-COMPLIANCE

Any director or employee of a company, who had entered into or authorized the contract or arrangement in violation of the provisions with respect to company law and Listing Regulations in this regard shall be punishable under the applicable laws and regulation, as amended from time to time.

8. REVIEW OF THE POLICY

In case of any subsequent changes in the provisions of the Companies Act, 2013, Listing Regulations or any other regulations which makes any of the provisions in the Policy inconsistent with the Act or regulations, the provisions of the Act or regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. The adequacy of this Policy shall be reviewed and reassessed by the Committee and recommend the changes to the board of directors at least once in every 3 (Three) years and updated accordingly due to any regulatory amendments or otherwise and shall be binding on the concerned Directors. KMPs and Senior Management Persons in the manner described as above.