

DISA India Limited Related Party Transactions (RPT) Policy



DISA India Limited ("**DISA**" or "**Company**") is governed amongst others by the Securities Exchange Board of India ("**SEBI**"). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") as amended, lays down the regulatory requirements for Related Party Transactions (RPT).

In accordance with the provisions of Regulation 23(1) of the Listing Regulations, the Board of Directors (the "**Board**") of the Company has adopted the policy on Related Party Transactions (RPT) as stated herein after.

All the words and expressions used in this Policy, unless defined hereafter, shall have the meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 ("**Act**") and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

Details of RPT Policy adopted by the Company are as under:

A. Related Party and Related Party Transaction are defined as:

'Related Party' means a related party as defined under Section 2(76) of the Companies Act, 2013, applicable accounting standards and as per Regulation 2(1)(zb) of Listing Regulations.

'Related Party Transaction' means transactions as defined under Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its powers) Rules and Regulation 2(1)(zc) of Listing Regulations.

B. Materiality Condition:

1. A transaction with a related party shall be considered **material** if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 crore (Rupees One Thousand Crore) or 10% (ten percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
2. 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 5% (five percent) of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

C. Ordinary Course of Business:

The following transactions would be considered to be in the Ordinary Course of Business:

1. Purchasing / Selling of goods & services with Norican Group Companies worldwide, using the Norican Standard Transfer Pricing Policy.
2. Purchasing / Selling of Capital Assets with Norican Group Companies worldwide, using Arm's Length Pricing.
3. Management, IT & Marketing Services payments.
4. Royalty payments/receipts, to/from Norican Group Companies.
5. Agency Commissions payments/receipts to/from Norican Group Companies.

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6. Salaries, Commissions & Reimbursements, to Directors & KMPS, as per the Company's Policies and Terms of Appointments.
7. Any other transactions which do not fall under Materiality Condition as stated above.

D. Approval Process:

1. All related party transactions in the Ordinary Course of Business, as stated above and at arm's length terms, and subsequent Material Modifications need prior approval of the Audit Committee. Such approval would be obtained based on estimated amount of business for the financial year.
2. Omnibus approval: Audit Committee may give Omnibus approval for all RPT provided:
 - a. RPTs are in line with the Norican Standard Transfer Pricing Policy &/or follows Arm's length pricing.
 - b. RPTs are repetitive in nature.
 - c. Individual Related Party Transaction value is less than Rs.1 Crore.
 - d. Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.

Company will provide an update to the Audit Committee, on a quarterly basis, the actual related party transactions undertaken for the period as compared to the Omnibus approvals.

3. 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 the value not exceeding Rs.1 crore per transaction.
4. A related party transaction to which the subsidiary of DISA is a party but DISA 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 10% (ten per cent) of the annual consolidated turnover, as per the last audited financial statements of the Company. With effect from April 1, 2023, a related party transaction to which the subsidiary of DISA is a party but DISA 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 standalone turnover, as per the last audited financial statements of the subsidiary.
5. Remuneration and sitting fees paid by the listed entity 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 that the same is not material in terms of the provisions.
6. All the related party transactions need prior approval of the Board of Directors of the Company.
7. All **material RPTs** and subsequent Material Modifications would additionally require approval from Shareholders, in addition to the prior approval from the Audit Committee and the Board, through an ordinary resolution, wherein the Related Parties shall abstain from voting on such resolutions whether the entity is a party to the particular transaction or not.

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8. 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:
- (i) the value of the ratified transaction(s) with a related party, whether entered individually or taken together, during a financial year shall not exceed rupees one crore;
 - (ii) the transaction is not material
 - (iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification.
 - (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions
 - (v) 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 authorized by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it."

E. Material Modification:

SEBI (LODR) (Sixth Amendment) Regulations, 2021, which is applicable from April 1, 2022 has provided that prior approval of the Audit Committee is required not only for Related Party Transactions but also subsequent Material Modifications.

Similarly, approval of shareholders is required not only for Material RPTs but also Material Modifications.

'Material Modification' is "value of modification in excess of 20% of the original value".

F. Policy Review:

The Policy shall be reviewed by the Board every 3 (three) years and as and when any changes are to be incorporated in the Policy due to change in Regulatory Framework or as may be deemed appropriate by the Board.

G. Disclosures:

The Policy shall also be uploaded on the website of the Company and the web-link to the Policy will be inserted in the Annual report of the Company every year.

H. Amendments In Law:

Any subsequent amendment/modification in the Listing Regulations and/or other applicable laws in this regard shall automatically apply to this Policy.

Signed by:

Lokesh Saxena

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Lokesh Saxena

Managing Director & CEO