

POLICY ON RELATED PARTY TRANSACTIONS

1) SCOPE AND PURPOSE OF THE POLICY:

The Companies Act, 2023 (the 'Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'/'SEBI LODR Regulations, 2015, as amended from time to time, prescribe the comprehensive regulatory framework governing the Related Party Transactions. Further, as per the requirement of Regulation 23(1) of the SEBI LODR Regulations, 2015, the listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transaction including clear threshold limits duly approved by the board of directors.

Accordingly, the Company has framed Policy on Materiality of Related Party Transactions (the "Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

2) OBJECT OF THE POLICY:

The object of this Policy is to set out: (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties as per provisions of the Act, the SEBI LODR Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

This Policy, *inter-alia*, encompasses 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:

- (1) **"Act"** means the Companies Act, 2013, Rules framed thereunder and any amendments thereto.
- (2) **"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.
- (3) **"Board"** means the Board of Directors of Deccan Health Care Limited.
- (4) **"Company"** means Deccan Health Care Limited.
- (5) **"Key Managerial Personnel"** or **"KMP"** shall have the meaning as defined in the Companies Act 2013 and as amended from time to time.
- (6) **"Listing Regulations" / "SEBI LODR Regulations, 2015"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment thereto.
- (7) **"Material Related Party Transaction"** means a transaction with a Related Party where the transaction(s)

to be entered into individually or taken together with previous transactions with a Related Party 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.

Provided that 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 five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- (8) **“Material modification”** means any subsequent change/variation/modification to an existing Related Party Transaction / contract / arrangement, having variance of 20% of the relevant existing transaction / arrangement, subject to a maximum of 10% of the annual consolidated turnover of the Company as per the last audited financial statement.
- (9) **“Ordinary course of business”** means the usual transactions, frequent transactions, transactions under common commercial practice, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities/transactions which the Company can undertake in normal course of business in accordance with the Memorandum & Articles of Association of the Company as amended from time to time; or the activities/transactions, which are not frequently but are important to the business objectives the Company. The Board and Audit Committee may lay down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

There is not exhaustive criteria; and the Company should assess each transaction considering its specific type, nature, value and circumstances.

- (10) **“Related Party”** have the meaning as defined in Section 2(76) of Act and Regulation 2(1)(zb) of the SEBI LODR Regulations, 2015, as amended from time to time.
- (11) **“Relative”** having the meaning as defined in Section 2(77) of the Act and rules prescribed thereunder and Regulation 2(zb) of the SEBI LODR Regulations, 2023.
- (12) **“Related Party Transaction”** means transaction as prescribed under the Regulation(1)(zc) of the SEBI LODR Regulations, 2015 and Section 188 of Act, 2023, as amended from time to time.

Any other terms/words not defined/used herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation and as amended from time to time.

4) MATERIALITY THRESHOLDS:

To safeguard the interest of the Company and / or its shareholders, the Materiality related to Related Party transactions to be entered individually or taken together with previous transactions during a

financial year will be as ascertained as per the thresholds prescribed under the SEBI LODR Regulations, to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not.

Provided that approval from shareholders will not be required for Material Related Party Transaction in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

The RPTs which cross the Materiality thresholds under Companies Act, 2013 as mentioned below shall be entered by the Company only with prior approval of shareholders of the Company through resolution, as per applicable provisions of the Act and the SEBI Listing Regulations, as may be amended from time to time.

Sr No.	Criteria	Transaction value threshold
1.	Sale, purchase or supply of any goods or materials (Directly or through agent)	Amounting to 10% or more of turnover of the Company
2.	Selling or otherwise disposing of, or buying, property of any kind (Directly or through agent)	Amounting to 10% or more of net worth of the Company
3.	Leasing of property of any kind	Amounting to 10% or more of turnover of the Company
4.	Availing or rendering of any services (Directly or through agent)	Amounting to 10% or more of turnover of the Company
5.	Appointment to any office or place of profit in the company, its subsidiary company or associate company	Remuneration exceeds Rs. 250,000 per month
6.	Underwriting the subscription of any securities of the company or derivatives thereof	Remuneration exceeds 1% of net worth

5) MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS:

a) Identification of related parties & related party transactions:

Every Director /Key Managerial personal (KMP) shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide requisite information about all persons, firms, entities in which he is interested whether directly or indirectly, to the Company Secretary.

The Potential transactions with the Related Parties, as per above submission of Directors/KMP, shall be identified and a comprehensive proposal shall be submitted with details for requisite prior

approval.

b) Procedure for approval of related party transactions:

• **Approval of the Audit Committee:**

- (i) All related party transactions and subsequent material modifications shall require prior approval of the Audit Committee of the Company. Provided that only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.
- (ii) A Related Party Transaction to which the subsidiary of a Company is a party but the Company 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.
- (iii) 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 Regulation 23 and Regulation 15(2) of SEBI LODR Regulations, 2015 are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (iii) above, the prior approval of the Audit Committee of the Company shall suffice.

• **Omnibus Approval by the Audit Committee:**

- I. All related party transactions require prior approval of the Audit Committee. However, 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 indicative base price/current contracted price and the formula for variation in the price if any;
 - iii) The maximum value per transaction which can be allowed;
 - iv) extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
 - v) The transaction is / shall be frequent / regular / repetitive in nature.
 - vi) The transaction is / shall be in ordinary course of business and at arm's length.
 - vii) Such other criteria as may be laid down by the Audit Committee.
 - viii) Such approval shall remain valid for period not exceeding one year, during which period the

commercial terms of approved RPTs may change, provided that, arm's length criterion shall be ensured at the time of each such change.

- ix) 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;
 - x) 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 omnibus approval shall specify:
- Name/s of the related party
 - Nature of the transaction
 - Duration/Period of the transaction
 - Maximum amount of the transaction that can be entered into
 - The Indicative base price / current contracted price and the formula for variation in the price, if any
 - 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.

- d. 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;
 - e. 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.
 - f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- II. In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:
- a. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 4 of the Policy.
 - b. While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- i Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- ii Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
- iii Key covenants (non-commercial) as per the draft of the proposed agreement / contract to be entered into for such transaction;
- iv Special terms covered / to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- v Benchmarking information that may have a bearing on the arm's length basis analysis, such as:
 - 1. market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
 - 2. third party comparable, valuation reports, price publications including stock exchange and commodity market quotations;
 - 3. management assessment of pricing terms and business justification for the proposed transaction;
 - 4. comparative analysis, if any, of other such transaction entered into by the company.
- c. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered by the company pursuant to each omnibus approval given.
- d. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - Transactions which are not at arm's length or not in the ordinary course of business.
 - Transactions which are not repetitive in nature.
 - Transactions exceeding materiality thresholds as laid down in Clause 4 of the Policy.
 - Transactions in respect of selling or disposing of the undertaking of the company.
 - Financial Transactions e.g. 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.
 - Any other transaction the Audit Committee may deem not fit for omnibus approval.
- **Approval of the Board of Directors of the Company:**

The Following Related Party Transactions and subsequent material modifications shall be subject to prior approval of the Board of Directors:

1. All kinds of transactions with the Related Parties and subsequent material modifications which are not in ordinary course of business or not executed at an arm's length shall require approval of the Board of Directors by way of resolution at a meeting of the Board.
2. Transactions and subsequent material modifications which are not approved by the Audit Committee / determination by the Board, may be recommended to the Board for its approval.
3. Transactions and subsequent material modifications which are required to be approved by the Board under any law.

Where any director is concerned or interested in any potential Related Party Transaction and subsequent material modification, such director shall abstain from voting when such transaction is being considered in Board Meeting.

- **Approval of the Shareholders of the Company:**

- (i) All material related party transactions and subsequent material modifications as defined by the Audit Committee shall require prior 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.
- (ii) The transactions specified under Section 188 of the Act which are not at arm's length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 shall also require approval of shareholder, in compliance provisions of Section 188 of the Act and rules thereof.
- (iii) However, prior approval of the Shareholders of a 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 Regulation 23 and Regulation 15(2) of the SEBI LODR Regulation, 2015 are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

- (iv) The requirements specified above related to prior approval of shareholders 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.

6) RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED:

- (i) In the event, the Company becomes aware of a Related Party Transaction that has not been approved under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders (Approving Authority' for the purpose of this Clause) as may be required in accordance with this Policy, for review and ratification.
- (ii) Approving Authority 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 in the terms, or termination of such transaction. The decision of the Approving Authority shall be binding under such circumstances.
- (iii) The Audit Committee may examine internal controls and the reasons for failure in reporting / prior approval of such Related Party Transaction and suggest directives to strengthen the internal controls /collaboration. In connection which any review /ratification of any particular Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

7) Deemed Approval:

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 deemed to be approved under this Policy. Such Transactions are enumerated below:

1. Appointment and payment of remuneration, including any variations thereto, to Key Managerial Personnel pursuant to the Nomination and Remuneration Committee approval;
2. Payment of remuneration, fees, commission, etc. to directors pursuant to the Nomination and Remuneration Committee approval;
3. Share based incentive plans for the benefits of the Directors or Key Managerial Personnel pursuant to Shareholders including ESOPs.
4. Any benefits, interest arising to Related Parties solely from the ownership of Company shares at par with other holders, for example, dividends, rights issues, stock split or bonus shares approved by the Nomination and Remuneration Committee or any other Board composed committee or Board, as the case may be.
5. Contribution with respect to Corporate Social Responsibility to eligible entity pursuant to approval of the Board or the Corporate Social Responsibility Committee.

8) DISCLOSURES:

- (i) This Policy shall be disclosed on the website of the Company and a weblink to the Policy shall be provided in the Annual Report.
- (ii) A summary statement of the Related Party Transactions entered into by the Company shall be submitted to the Audit Committee in quarterly meetings for information and review and noting.
- (iii) The Company shall submit to the Stock Exchange(s) disclosures of related party transactions, in the format as specified by the SEBI/SEBI LODR Regulations, 2015 /Stock Exchanges from time to time, and publish the same on its website, in accordance with the provisions of SEBI LODR Regulations and/or other applicable law and regulations, if any.
- (iv) The details of Related Party Transactions shall be disclosed in the Annual Report of the Company, to the Stock Exchange and other regulatory bodies as per the provisions of the SEBI LODR Regulations, Accounting Standards or any other applicable law and regulations.

9) INTERPRETATION:

In any circumstances, where the terms of the Policy differ from any existing or enacted Laws, Rules, Regulations, governing the Company, then such Laws, Rules, or Regulations, shall prevail over this Policy.

In case of any dispute difference upon the meaning/interpretation of any provision in the Policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term/ provision, the Audit Committee may seek the help of any of the officers of the Company or an outside experts as it deem fit.



10) REVIEW OF THE POLICY:

The Policy shall be reviewed by the Board of Directors of the Company atleast once every three years and updated accordingly.

CHAIRMAN
