

# DISA INDIA LIMITED

## Policy on Related Party Transactions (RPT)

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:

(Effective from 28-11-2015)

(Amended on 01-04-2019)

(Amended on 04-02-2022)

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.
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 RPT value is less than Rs.1 Crore.

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. RPTs of non-repetitive and non-recurring nature or exceeding Rs 1 Crore per transaction (within the materiality condition) would need Audit Committee prior approval on individual transaction basis.
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. All the related party transactions need prior approval of the Board of Directors of the Company.

(Effective from 28-11-2015)

(Amended on 01-04-2019)

(Amended on 04-02-2022)

6. 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.

**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 RPTs but also subsequent Material Modifications.

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

In this context, Audit Committee at its meeting held on February 4, 2022 has defined the term 'Material Modification' as "value of modification in excess of 20% of the original value".

**F. Threshold Limits:**

As required by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company's Policy on Related Party Transactions has been amended to include the following threshold limits duly approved by the board of directors to be reviewed by the board of directors at least once every three years and updated from time to time. The threshold limits are as under:

	<b>(Rs. in Million)</b>
Royalty Payable	55
Service Fees Payable	35
Group Management Fees Payable	40
Group IT Fees Payable	60
Purchases of Materials/Traded Parts	436
Reimbursement of Expenses	25
Managerial Remuneration	40
Service Income	65
Sale of Goods	250
Royalty Receivable	3
Commission Receivable	53
Interest on Loan Receivable	3
Reimbursement of Expenses/Warranty	27

(Effective from 28-11-2015)

(Amended on 01-04-2019)

(Amended on 04-02-2022)

The Board will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

**Sd/-**  
**Managing Director**  
**DISA India Limited**

(Effective from 28-11-2015)  
(Amended on 01-04-2019)  
(Amended on 04-02-2022)