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## POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS

### 1. Purpose of this Policy

- A. D.K. ENTERPRISES GLOBAL LIMITED is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI has mandated every listed company to formulate a policy on dealing and materiality of related party transaction (“**Related Party Transactions**”).
- B. Accordingly, the Company has formulated this policy (“**Policy**”) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its related parties (as defined below).
- C. 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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. Notwithstanding the above, 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.
- D. The Board of Directors of the Company (“**Board**”) on recommendation of the Audit Committee of the Company (“**Audit Committee**”) shall review the Policy at least once in three years and may amend the same from time to time.

### 2. Definitions

“**Act**” shall mean the Companies Act, 2013 and includes any amendment thereof.

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), as amended from time to time.

“**Related Parties**” means related parties in term of the Companies Act, 2013, as amended.

### 3. Review and approval of Related Party Transactions

Approval of Related Party Transactions

#### A. Audit Committee

- All the transactions which are identified as Related Party Transactions or any subsequent material modifications therein shall require prior approval of the Audit Committee, (only those members of the audit committee who are independent directors, shall approve related party transactions) before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

- The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature, in the interest of the listed entity and subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations and such other conditions as it may consider necessary in line with this Policy and in the interest of the Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.
- Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require prior approval of the Board or of shareholders as discussed subsequently.
- The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.
- A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.
- The Audit Committee shall mandatorily review statement of significant related party transactions (as defined by the audit committee), submitted by management

#### **B. Board of Directors**

- In case any Related Party Transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.
- Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

#### **C. Shareholders**

- If a Related Party Transaction is (i) a material transaction as per Regulation 23 of the Listing Regulations, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require prior shareholders' through a resolution. No related party shall vote on such resolutions whether the entity is a related party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

- D. The provisions of Regulation 23(2), (3) and (4) of Listing Regulations (Requirement of (i) prior approval of audit committee, (ii) conditions for omnibus approval and (iii) approval from shareholders for material related party transactions) shall not be applicable in case of transactions

entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

- E. In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.
- F. Reporting of Related Party Transactions
- Every contract or arrangement, which is required to be approved by the Board or the shareholders under this Policy, shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.
  - The Company shall submit within thirty 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.

#### **4. Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

#### **5. Disclosure of the Policy**

This Policy will be uploaded on the website of the Company.