

Policy on Materiality of Related Party Transactions
(As amended w.e.f. 26th March, 2025)

1. Background

Regulation 23 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) requires the Company to formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors. The provisions of the Companies Act, 2013 read with rules made thereunder and the SEBI Listing Regulations, 2015 have laid down comprehensive provisions for identification, approval and disclosure of related party transactions.

In view of the recent amendments to the aforesaid regulation coming into effect from 12th December, 2024, the Company is revising this policy on materiality of related party transactions to be applicable from 12th December, 2024.

2. Preamble

The Board of Directors of the Deepak Fertilisers And Petrochemicals Corporation Limited (“DFPCL/Company”) has adopted the following Policy and procedure with regard to Related Party Transactions (“RPT”). The policy envisages the procedure governing RPT’s required to be followed by Company to ensure compliance with the Law and Regulation. The Audit committee will review the same from time to time and propose the amendment required in the policy to the Board of Directors.

3. Purpose

This Policy aims to ensure compliance of the applicable provisions of the Companies Act, 2013 & Rules made there under (“the Act”), Indian Accounting Standard (IND AS) 24 and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“Listing Regulations”), as amended or re-enacted from time to time and which relate to the identification of the Related Parties and governance & approval of the Related Party Transactions, wherever required.

4. Policy

In supersession of the existing policy, the policy on Materiality of Related Party Transactions is accordingly revised as stated above.

5. *Definitions*

All terms used in this Policy will have the meanings as assigned to them under the Act and the Rules made thereunder, Listing Regulations, applicable Accounting Standards, as amended from time to time.

6. *Materiality of Related Party Transactions and Threshold Limits*

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 the limits as stated in explanation to Regulation 23(1) and Regulation 23(1A) of the Listing Regulations, respectively or such other limits as may be prescribed by SEBI from time to time.

The aforesaid limits shall be the threshold limits as required in terms of Regulation 23(1) of the Listing Regulations.

7. *Material modifications*

For the purpose of this Policy, Material Modifications shall mean any modification or amendment to the related party agreement / transaction which is likely to result in upward revision in the original contractual value by 20% or more or change in period of the original period by 20% or more of the related party agreement / transaction approved by the Audit Committee or shareholders of the Company, as the case may be.

8. *Approval of Related Party Transactions*

I. **Audit Committee:**

Related Party Transaction to which Company is a party	Related Party Transaction to which Company is not a party
All Related Party Transactions to which the Company is a party and subsequent Material Modifications thereof shall require prior approval of the Audit Committee of Company	a) With effect from April 1, 2022 or such other date as may be notified by SEBI, prior approval of the Audit Committee of the Company shall be obtained for all Related Party Transactions to which subsidiary of Company is a party to but Company is not a party, if the value of such transaction whether entered into

	<p>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;</p> <p>b) With effect from April 1, 2023 or such other date as may be notified by SEBI, prior approval of the Audit Committee of the Company shall be obtained for all Related Party Transactions to which subsidiary of Company is a party to but Company is not a party, 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 standalone turnover, as per the last audited financial statements of the subsidiary;</p> <p>c) Prior approval of the Audit Committee of the Company shall not be required for any related party transaction to which the listed subsidiary is a party but the Company is not a party to, if the provisions of Regulation 23 and sub-regulation (2) of Regulation 15 of the SEBI Listing Regulations are applicable to such listed subsidiary.</p>
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Approval of the Audit Committee shall not be required for the following Related Party Transactions of the Company in terms of SEBI Listing Regulations:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

(b) corporate actions which are uniformly applicable/offered to shareholders in proportion of their shareholding such as payment of dividend, subdivision or consolidation of securities by the Company, issuance of securities by way of a rights issue or a bonus issue and buy-back of securities.

(c) retail purchases from the Company for any of its subsidiaries by its directors or employees, without establishing any business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

Further, remuneration and sitting fees paid by the Company or its subsidiaries to its directors, key managerial personnels 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 of Regulation 23 of the Listing Regulations.

The members of the Audit Committee, who are independent directors, may ratify the related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier. Ratification is subject to certain conditions as specified in the Listing Regulations. The failure to seek ratification of the audit committee shall render related party transactions 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 director, the director(s) concerned shall indemnify the Company against any losses incurred.

However, the Audit Committee of the Company may grant omnibus approval for transactions with related parties proposed to be entered into by the Company or its subsidiary(ies), in compliance with requirements of the Act and the Listing Regulations.

II. Board of Directors:

All transactions specified under Section 188 of the Act and which are not in the ordinary course of business or not at arm's length basis, shall be placed before the Board for its approval.

III. Shareholders of the Company:

Approval of shareholders shall be obtained by resolution for:

- Material Related Party Transactions and subsequent material modifications;
- Related Party Transactions not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under Section 188 of the Act and Rules made thereunder.

The details to be placed before the Audit Committee, Board of the Company, Shareholders of the Company, as the case may be, shall be as per the applicable provisions of the Act and Rules made thereunder and/ or as prescribed by SEBI from time to time.

9. *Amendment*

Any subsequent amendment / modification in the Listing Regulations or the Act or any other governing Act/Rules/Regulations or re-enactment, impacting the provisions of this Policy, shall automatically apply to this Policy and the relevant provision(s) of this Policy shall be deemed to be modified and/or amended to that extent, even if not incorporated in this Policy.

10. *Review of the Policy*

This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly.
