

**POLICY ON DEALING WITH AND MATERIALITY OF RELATED PARTY
TRANSACTIONS**

OF

DMI FINANCE PRIVATE LIMITED

Document Review and Approval Revision:

	Ver. No.	Summary of Change	Prepared/ Owned by	Reviewed by Departmental Head	Recommended by	Further recommended by	Approved by	Effective Date
1	4.0	Annual Review	Finance Controller	Chief Financial Officer	N.A.	Audit Committee in its meeting held on February 07, 2025	Board of Directors in its meeting held on February 14, 2025	February 14, 2025

Previous Version History:

Date of Review	Date of Next Review	Comments/Remarks/Changes
September 3, 2021	On or before September 2022	Annual Review and modification of various sections.
August 12 2022	On or before August 2023	Annual Review.
August 14, 2023	On or before August 2024	Annual Review.

1. PREAMBLE:

The Board of Directors (**the “Board”**) of DMI Finance Private Limited (**the “Company” or “DMI”**) has adopted the Policy on dealing with and Materiality of Related Party Transactions (**the “Policy”**) in terms of the provisions pertaining to dealing with Related Party Transactions (**“RPT”**) specified under the Companies Act, 2013 (**“the Act”**), including the rules made thereunder and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (as amended from time to time) [**“RBI Master Directions”**] read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) [**“Listing Regulations”**].

This Policy applies to the related party transactions based on the extant laws and regulations applicable on the Company and provides a framework for governance, approval and reporting of Related Party Transactions including material transactions.

2. PURPOSE & APPLICABILITY:

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of the related party transactions in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. DEFINITIONS:

- i. **“Act”** means Companies Act, 2013 and rules made thereunder, as amended.
- ii. **“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 or vested interest in that transaction.
- iii. **“Associate Company”** means any other Company in which Company has a significant influence, but which is not a subsidiary company and includes a joint venture company, as defined under Section 2(6) of the Act.
- iv. **“Audit Committee or Committee”** means the Committee duly constituted by the Board of Directors of the Company as per provisions under Section 177 of the Act, RBI Master Directions and Listing Regulations to perform such powers, functions and duties as prescribed therein.
- v. **“Board”** means the Board of Directors of the Company.
- vi. **“Key Managerial Personnel (KMPs)”** means Key Managerial Personnel as defined under the Companies Act, 2013.
- vii. **“Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended from time to time.
- viii. **“Material Modification”** means any modification to the existing Related Party Transaction which has the effect of increasing or decreasing the value of original contract by 15% or more in the amount originally approved.
- ix. **“Material Related Party Transaction”** means a Related Party Transaction:
 - a. which individually or taken together with previous transactions during the financial year, **exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company whichever is lower** as per the last audited financial statements of the Company or such limits as may be prescribed either in the Act or

the Listing Regulations from time to time.

- b. involving payments made with respect to **brand usage** or royalty which 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.
- x. **"Officer"** includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the directors is or are accustomed to act.
- xi. **"Policy"** means Related Party Transaction Policy.
- xii. **"Related Party"**, with reference to a company, means—
 - (i) An entity which is a related party under Section 2(76) of the Companies Act, 2013; or
 - (ii) Any entity which is a related party under the applicable accounting standards.

Provided that following shall also be deemed to be a related party:

- a) any person or entity forming a part of the promoter or promoter group; or
- b) any person or entity, holding equity shares of ten percent or more in the company either directly or indirectly on beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year.
- xiii. **"Related Party Transaction"** means any transaction involving a transfer of resources, services or obligations, regardless of whether a price is charged and includes –
 - o Sale, purchase or supply of any goods or materials;
 - o Selling or otherwise disposing of, or buying property of any kind;
 - o Leasing of property of any kind;
 - o Availing or rendering of any services;
 - o Appointment of any agent for the purchase or sale of goods, materials, services or property;
 - o Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;
 - o Underwriting the subscription of any securities or derivatives thereof, of the Company;

between the following:

- (i) the Company or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- (ii) the Company or any of its subsidiaries on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries.

Explanation: A "transaction" with a Related Party shall be construed to include single transaction or a group of transactions in a contract.

Provided that the following shall not be a related party transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the applicable laws;
- b) following corporate actions by the Company which are uniformly applicable / offered to all shareholders in proportion to their shareholding:
 - i. payment of dividend;
 - ii. sub-division or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or bonus issue; and
 - iv. buy back of securities.
- c) acceptance of fixed deposits by the Company at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format

as specified.

- xiv. **“Relative”** means a relative as defined under Section 2(77) of the Act and includes anyone who is related in any of the following manner –
- Members of a Hindu undivided family;
 - Husband or wife;
 - Father (including step-father);
 - Mother (including step-mother);
 - Son (including step-son);
 - Son’s wife;
 - Daughter;
 - Daughter’s husband;
 - Brother (including step-brother); or
 - Sister (including step-sister).
- xv. **“Transaction”** with a related party shall be construed to include a single transaction or a group of transactions in a contract.
- xvi. **“Subsidiary Company” or “Subsidiary”**, means any other Company in which the Company—
- i. controls the composition of the Board of Directors; or
 - ii. exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

4. ORDINARY COURSE OF BUSINESS:

Ordinary Course of business means the transactions, customs and practices undertaken by the Company to conduct its business operations and activities (including activities which are as per its Memorandum and Articles of Association) and all the transactions in which the company regularly deals and repeatedly enters into for the purpose of its business or the transaction is necessary, normal and incidental to business.

The assessment of whether a transaction is in ordinary course of business is very subjective, judgmental and can vary on case to case basis giving consideration to the nature of business and objects of the entity.

¹Following are some of the criteria that may be considered for determining whether the transaction is in the ordinary course of business:

- a. Whether the activity is covered in the objects clause of the Memorandum of Association;
- b. Whether the activity is in furtherance of the business;
- c. Whether the activity is normal or otherwise routine for the particular business (i.e. activities like advertising, staff training, etc.);
- d. Whether the activity is repetitive/frequent;
- e. Whether the income, if any, earned from such activity/transaction is treated as business; income in the company’s books of account;
- f. Whether the transactions are common in the particular industry;
- g. Whether there is any historical practice to conduct such activities business;
- h. The financial scale of the activity with regard to the operations of the business;
- i. Revenue generated by the activity;
- j. Resources committed to the activity.

¹ Guidance Note on Related party Transactions issued by the Institute of Company Secretaries of India on March, 2019.

These are not exhaustive criteria and the Company will assess each transaction considering its specific nature and circumstances.

5. IDENTIFICATION OF RELATED PARTIES:

The following process shall be followed to ensure all related parties are identified in order to obtain the requisite approvals for any transaction with such related parties:

- i. Every director shall at the first meeting of the Board in which he/she participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals, including his shareholding, furnish **Form MBP-1** "Notice of Interest by Director" pursuant to Section 184(1) and Rule 9 of the Companies (Meeting of Board and its Powers) Rules, 2014.
- ii. Related Parties are identified as per the definition given in the Act, Indian Accounting Standards ('Ind AS') and other laws as may be applicable.

Every Director, Key Managerial Personnel, Functional heads will be responsible for providing additional information about the proposed transaction that the Board /Committee may request, for being placed before the Committee and the Board.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION:

(i) Approval of the Audit Committee:

In accordance with the Section 177 of the Companies Act, 2013 read with Listing Regulations all Related Party Transactions and subsequent material modifications shall be subject to the prior approval of the Audit Committee even if the transaction and/or subsequent modifications thereto is in the ordinary course of business and at arm's length price. Only independent directors in the audit committee can approve the related party transactions.

In case any transaction involving any amount not exceeding INR 1,00,00,000 (Rupees One Crore) is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee.

The following Related Party Transactions shall not require prior approval of Audit Committee:

- i. Transactions to which the subsidiary of the Company is a party but the 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 is not more than 10% of the annual standalone turnover of such subsidiary company as per its last audited financial statements.
- ii. Transactions to which the listed subsidiary of the Company is a party but the Company is not a party, if regulation 15(2) and regulation 23 of Listing Regulations are applicable to such listed subsidiary

• Consideration by the Audit Committee in approving the proposed transactions:

While considering any transaction, the Committee shall take into account all relevant facts and circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

Prior to the approval, the Committee shall, *inter-alia*, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d. Any other provisions as prescribed under Companies Act, 2013 and Listing Regulations.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e., events after the initial transactions have commenced) like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

The information as prescribed under the Act including rules made thereunder, Listing Regulations and relevant circulars issued by Securities and Exchange Board of India ("SEBI") thereunder will be presented to the Audit Committee for its review and approval.

- **Standing Pre-Approval / Omnibus Approval by the Audit Committee:**

Audit Committee may also grant omnibus approval for related party transaction proposed to be entered into by the Company subject to fulfilment of the following conditions:

- a) The Audit Committee may approve related party transactions under omnibus route subject to fulfilment of the criteria laid in the Rule 6A of the Companies (Meetings of Board and its Powers) Rules 2015 read with Section 177(4) of the Act; and such other criteria as the Committee may deem fit.
- 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 Audit Committee shall satisfy itself the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
- d) Transactions put up for omnibus approval shall specify/disclose (i) the name/s of the related party, nature of transaction, period of transaction, maximum value of transaction that can be entered into, aggregate value of such transactions, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other information as the Audit Committee may deem fit.

- e) Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 Crore per transaction.
- f) Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of such financial year.
- g) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- h) In case of transaction, other than transactions referred to in Section 188 of the Act and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board for obtaining approval.
- i) Audit Committee shall review on periodic basis, the details of related party transaction entered by the Company pursuant to each of the omnibus approval given.
- j) Any other conditions as the Audit Committee may deem fit.

(ii) Approval of the Board:

Subject to the provisions of Section 188 (1) of the Act, the related party transactions which are required to be approved by the Board of the Company under the provisions of the Act shall be entered into and acted upon, only after such approval is accorded by the Board. The Act has specified that the following transactions which is not in the ordinary course of business and/or not on arm's length basis will require Board's approval:

- a. sale, purchase or supply of any goods or material;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchase or sale of goods, materials, services or property;
- f. such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company

By virtue of a provision under Listing Regulations, which requires the approval of Audit Committee to RPTs, the transactions contemplated u/s 188 of the Act, that would require the approval of Board/Shareholders would first be put up to the Audit Committee for their review and recommendation.

Further, in accordance with Section 184 of the Companies Act, 2013 and all other applicable provisions, every director of a company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting.

Management shall present to the Board the following information, to the extent relevant, with respect to the Related Party Transactions for their approval:

- i. the name of the related party and nature of relationship;
- ii. the nature, duration of the contract and particulars of the contract or arrangement;
- iii. the material terms of the contract or arrangement including the value, if any;

- iv. any advance paid or received for the contract or arrangement, if any;
- v. justification for entering into such contract arrangement or transaction;
- vi. the manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract;
- vii. whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- viii. any other information relevant or important for the Board to take a decision on the proposed transaction

(iii) Transactions with related parties requiring Shareholders' approvals:

Subject to the provisions of Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of Listing Regulations, the Company shall take necessary approvals from the shareholders before entering into any material related party transactions and subsequent material modifications to the same; and in case the value of the transactions exceeds the limits as prescribed under the provisions of the Act.

Any related party whether a party to the contract or arrangement or not, are not allowed to vote on such resolution wherever the approval of the shareholders is required.

All Material Related Party Transactions and subsequent material modifications shall require prior approval of the shareholders through a resolution and no related party shall vote to approve such resolutions, whether the entity is a related party to the particular transaction or not.

Provided that prior approval of the audit committee / shareholders 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 15(2) and regulation 23 of Listing Regulations are applicable to such listed subsidiary.

(iv) Transaction with related parties in accordance with Investment Agreement(s)/Articles of association of the Company:

At time of entering related party transaction, the Company is required to take into the consideration the provisions related to related party transactions specified in the Article of Association of the Company and/or Investment Agreement(s) entered by the Company with various Investors from time to time.

7. RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED:

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting (if required) under Section 188(1) of the Act, and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders.

8. EXEMPTIONS FROM AUDIT COMMITTEE'S AND SHAREHOLDER'S APPROVAL:

Approval of the Audit Committee as well as shareholders are not required for the following related party transactions:

- transactions entered into with wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the

general meeting for approval.

- Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- Any transaction involving fees payable to the directors for attending the meetings of the Board or Committee of the Company within the limits prescribed under the Act and as already approved by the Board from time to time as per the applicable laws and other expenses connected to the same.

9. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:

a) As per the Act:

- Pursuant to Section 134(4) of the Act, every Contract or arrangement entered with Related Parties in accordance with Section 188(1) of the Act shall be disclosed in the Board's Report along with the justification for entering into such contract or arrangements in Form AOC - 2.
- Making necessary entries in the Register of Contracts required to be maintained under Section 189 of the Act.

b) As per the RBI Master Directions:

- i. Details of all material transactions with related parties shall be disclosed in the annual report.
- ii. The Company shall disclose the policy on its website and also in the Annual Report.

10. REVIEW OF THE POLICY:

The Policy shall be amended or modified with approval of the Board on the recommendation of the Audit Committee. The Policy shall be reviewed once in three years. However, consequent upon any amendments in Applicable Laws or any change in the position of the Company, necessary changes in this Policy shall be incorporated and approved by the Board on recommendation of the Audit Committee as and when necessary.

Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislations, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.
