



DMI FINANCE

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

OF

DMI FINANCE PRIVATE LIMITED

1. PREAMBLE:

The Board of Directors (**the “Board”**) of DMI Finance Private Limited (**the “Company” or “DMI”**) has adopted the Policy on dealing with 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 RBI Directions, as applicable from time to time.

This Policy applies to the related party transactions based on the requirements under the Act and provides a framework for governance, approval and reporting of Related Party 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 Act 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 and RBI Master Directions 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. **“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.
- viii. **“Policy”** means Policy on Dealing with Related Party Transactions.
- ix. **“Related Party”**, with reference to a company, means an entity which is a related party under Section 2(76) of the Companies Act, 2013.
- x. **“Related Party Transaction”** means any transaction involving a transfer of resources, services or obligations, regardless of whether a price is charged and includes –
 - Sale, purchase or supply of any goods or materials;
 - Selling or otherwise disposing of, or buying property of any kind;
 - Leasing of property of any kind;
 - Availing or rendering of any services;
 - Appointment of any agent for the purchase or sale of goods, materials, services or property;
 - Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company;

- Underwriting the subscription of any securities or derivatives thereof, of the Company;
- xi. **“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).
- xii. **“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 there is a reasonable connection between the activity and the nature of the business carried on by the company;
- d. Whether the activity is normal or otherwise routine for the particular business (i.e. activities like advertising, staff training, etc.);
- e. Whether the activity is repetitive/frequent;
- f. Whether the income, if any, earned from such activity/transaction is treated as business; income in the company’s books of account;
- g. Whether the transactions are common in the particular industry;
- h. Whether there is any historical practice to conduct such activities business;
- i. The financial scale of the activity with regard to the operations of the business;

¹ *Guidance Note on Related party Transactions issued by the Institute of Company Secretaries of India on March,2019 (further revised in January 2023).*

- j. Revenue generated by the activity;
- k. Sale of old machinery undertaken not with profit motive is not in the ordinary course of business;
- l. Resources committed to the activity.

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 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 all Related Party Transactions and subsequent modifications shall be subject to the prior approval of the Audit Committee even if the transaction is in the ordinary course of business and at arm's length price.

However, such approval is not required to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company.

Further, 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 and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

- **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.

The information as prescribed under the Act including rules made 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 and duration of the transaction, maximum amount of transaction that can be entered into (ii) the indicative base price or 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

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, the Company shall take necessary approvals from the shareholders before entering any related party transactions, in case the value of the transactions exceeds the limits as prescribed thereunder.

However, the requirement of obtaining shareholders' approval shall not be applicable for 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.

Further, no member of the Company shall vote on such resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

(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 Articles of Association of the Company and/or 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 and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

8. DISCLOSURE AND REPORTING OF RELATED PARTY TRANSACTIONS:

a) As per the Act:

- Pursuant to Section 134(3) 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 Directions:

- i. Details of transactions with related parties shall be disclosed in the annual report as per format prescribed.

Further, the Policy shall be displayed on the website of the Company.

9. REVIEW OF THE POLICY:

The Policy shall be amended or modified with approval of the Board on the recommendation of the Audit Committee once in three years in accordance with the Framework on Policy Risk Categorization approved by the Board of Directors in its meeting held on November 13, 2025. Consequent upon any amendments in Applicable Laws or any change in the position of the Company prior to the scheduled review, such 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.
