

DANGEE DUMS LIMITED

Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions

(as per Regulation 23 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015)

PREAMBLE :

As per the nature of business and its requirement, Dangee Dums Limited (the “Company” or “DDL”), enters into transactions with related parties as defined in this Policy (“Related Party Transactions” or “RPTs”) for various purposes as provided under Section 188 of the Companies Act, 2013, (“the Act”) and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) as may be amended, from time to time.

The Company understands that certain RPTs may involve potential conflicts of interest. To ensure fairness, such transactions must be conducted at fair values and on an arm's length basis. The Company is committed to monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

In order to facilitate uniform approach and assist listed entities in complying with the requirements related to Related Party Transactions, the Industry Standards Forum (“ISF”) comprising of representatives from three industry associations, namely **ASSOCHAM, CII and FICCI**, under the aegis of the Stock Exchanges, has formulated industry standards. These standards, developed in consultation with SEBI, specify the minimum information that must be provided for the review and approval of RPTs by the Audit Committee and shareholders. SEBI, through its circular dated February 14, 2025, has mandated all listed companies to adhere to these industry standards for RPTs.

The Board of Directors (“Board”) of the Company has adopted Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions (“Policy”) based on the recommendation of the Audit Committee and the Policy includes the materiality, threshold and the manner of dealing with RPTs in compliance with the requirements the Act and the Listing Regulations. Any amendments to the Policy will be reviewed and approved by the Board, based on recommendations from the Audit Committee.

The Policy applies to the transactions between the Company and its related parties and / or any subsequent material modification(s) to the RPTs. The Policy provides the framework and mechanism for governance, reporting and dealing with RPTs, including material RPTs.

OBJECTIVE OF THE POLICY :

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

This Policy aims to facilitate the prompt identification, approval, disclosure, and reporting of transactions between the Company and its related parties, in accordance with applicable laws and regulations, as amended from time to time. It establishes a framework to ensure transparency in the approval process and disclosure requirements for Related Party Transactions (RPTs), prioritizing the best interests of the Company and its shareholders while maintaining compliance with statutory provisions.

DEFINITIONS :

(a) ACT: "Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars, notifications, orders to remove difficulties or re-enactments thereof.

(b) ARMS LENGTH TRANSACTION: Arms Length Transaction means a transaction between two related parties that are conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm's length basis, reference is taken from the related provisions of Domestic Transfer Pricing under the Income Tax Act, 1961 for dealing with any related parties in India and International Transfer Pricing guidelines for dealing with any related parties, where such related party is situated outside India.

The Company would apply its judgment to conclude whether a transaction can be considered to be on an arm's length basis. The following are some of the factors (but not limited to) that can be considered, to be helpful in concluding whether a transaction is on an arm's length basis:

- i. The transaction is as per the prevailing price list / pricing policy / market price / at the same price (or margin) at which entered into with independent third parties,
- ii. The transaction is in line with third party quotations / bids,
- iii. The transaction is at a price / rate in line with Government guidelines / industry body.

(c) AUDIT COMMITTEE OR COMMITTEE: Audit Committee or Committee means the Committee of the Board constituted from time to time under the provisions of Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013 and shall always include the Investor Director.

(d) ASSOCIATE COMPANY: Associate Company means any other company, in which the Company has a significant influence, but which is not its subsidiary company and includes a joint venture company.

EXPLANATION -For the purposes of this clause, "significant influence" means Control of at least twenty per cent of total voting power or of business decisions under an agreement.

(e) BOARD: "Board" means the Board of Directors of the Company.

(f) CONTROL: "Control" has the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

"Control" includes the right to appoint majority of the Directors or to control the management or policy decisions, exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;

Provided that a Director or an officer of a Target Company shall not be considered to be in control over such Target Company, merely by virtue of holding such position.

(g) KEY MANAGERIAL PERSON: "Key Managerial Personnel", in relation to a company, means—

- (i) the Chief Executive Officer or the managing director or the manager;
- (ii) the Company Secretary;
- (iii) the whole-time director;
- (iv) the Chief Financial Officer; and
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed under the Companies Act, 2013;

(h) MATERIAL MODIFICATION: "Material Modification(s)" shall mean and include any modification(s) to an existing related party transaction in excess of 15% of the existing limit as approved by the Audit Committee / Board / Shareholders, as the case may be, and would require prior approval of the Committee.

(i) MATERIAL RELATED PARTY TRANSACTION: Material Related Party Transaction shall mean a transaction as defined under section 188(1) of the Act and regulation 2(1)(zc) of the Listing Regulations with a Related Party defined under section 2(76) of the Act and regulation 2(1)(zb) of the Listing Regulations, where the aggregate value of transaction(s) to be entered into individually or taken together with previous transaction(s) during a financial year, exceeds the threshold limits as may be prescribed under the Listing Regulations, the Act and Rules made thereunder from time to time. 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, exceeds the threshold limits as may be prescribed under the Listing Regulations from time to time. Further, transaction with a related party shall be construed to include single transaction or a group of transactions in a contract.

MATERIALITY THRESHOLDS

Regulation 23 of the Listing Regulations requires a Company to provide Materiality thresholds for the transactions beyond which approval of the shareholder through resolution will be required and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

(j) ORDINARY COURSE OF BUSINESS: “Ordinary Course of Business (‘OCB’)” means a transaction which is:

- carried out in the normal course of business envisaged in accordance with the Memorandum of Association (‘MOA’) and Articles of Association of the Company of the Company as amended from time to time, or
- meets any other parameters / criteria as decided by the Audit Committee (with the affirmative vote of the Investor Director).

(k) RELATED PARTIES: shall mean the persons set out in the definition of related parties under the Companies Act, 2013 in each case of the Company and/ or any of the promoters of the Company and shall include each of the promoters, their respective Relatives and any person or entity belonging to the promoter group of the Company or in which any of the promoter group are interested. If Company’s business with a Related Party or with a Company in which a Related Party is associated, Company must disclose the same to the Board / Audit Committee. If a Related Party is being considered for any position or assignment within the Company, the facts must be disclosed the same to the Audit Committee.

An entity shall be considered as related to the company if:

- (i) such an entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) such an entity is a related party under the applicable accounting Standards;
- (iii) as defined above

(l) RELATIVE: Relative with reference to any person, means anyone who is related to another, if—

- (i) they are members of a Hindu Undivided Family;
- (ii) they are husband and wife; or
- (iii) one person is related to the other in such manner as may be prescribed under Section 2(77) of the Companies Act, 2013 and rules made thereunder;
- (iv) they are such person’s stepdaughter, grandchildren, grandparents, mothers-in-law, fathers-in-law, brothers-in-law and sisters-in-law (including adoptive relationships).

(m) RELATED PARTY TRANSACTION: A related party transaction mean any transactions as provided under clause (a) to (g) of sub-section (1) of section 188 of the Act and corresponding rules thereto and as defined in clause (zc) of sub-regulation (1) of regulation 2 of the Listing Regulations, as may be amended from time to time, and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

IDENTIFICATION OF RELATED PARTY TRANSACTIONS :

All Directors and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will unanimously determine whether the transaction is in the Ordinary Course of Business and is an Arm's Length Transaction.

The Company Secretary will inform the Directors and KMP, the suggested details and list of records and supporting documents which are required to be provided along with the notice of the proposed transaction.

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Audit Committee of the Company through Company Secretary.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

REVIEW AND APPROVAL OF RPTs, INCLUDING MATERIAL RPTs :

A. AUDIT COMMITTEE:

- All RPTs and subsequent material modification(s) to RPTs shall be subject to prior approval of the Committee, whether at a meeting or by way of a resolution by circulation or through electronic mode.
- A member of the Committee who has a potential interest in any RPTs or subsequent material modification(s) to RPTs will not remain present at the meeting or will abstain from discussion and voting on such RPT and shall not be counted in determining the presence of a quorum when such transaction is considered.
- With effect from April 1, 2023, RPTs to which the Company's subsidiary is a party but the Company is not a party, shall require prior approval of the Committee, if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual standalone turnover of such subsidiary, as per the last audited financial statements of such subsidiary.
- Prior approval of the audit committee of the listed entity shall not be required for a RPT to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For RPTs of unlisted subsidiary(ies) of the Company as referred above, prior approval of Committee of such listed subsidiary shall suffice.

- Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel 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 sub-regulation (1) of the Listing Regulations.

- All RPTs and / or subsequent material modification(s) to RPTs shall be approved only by the Independent Directors who are the members of the Committee.
- The members of the Committee, who are Independent Directors, may ratify RPTs as per the provisions of the Listing Regulations and ISF, as may be applicable and amended from time to time.
- While considering the RPTs, the Audit Committee shall be provided with all the prescribed information / details, as may be applicable, as prescribed by the ISF vide its industry standards.

B. BOARD:

- If the Committee determines that RPTs should be brought before the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the RPTs, then the Board shall consider and approve the RPTs at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.
- Approval of Board will be required, at a meeting, for any transaction with Related Parties, which are either not in ordinary course of business or not on an arm's length basis.

C. SHAREHOLDERS':

- All Material RPTs, and subsequent material modifications as defined by the Committee shall require prior approval of the shareholders through resolution and all related parties shall not vote to approve such resolution, irrespective of whether the entity is a party to the particular RPT or not.
- Prior approval of the shareholders of the Company shall not be required for RPTs to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.
- Explanation: For RPTs of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.

D. TRANSACTIONS EXEMPTED FROM PRIOR APPROVAL OF THE AUDIT COMMITTEE AND SHAREHOLDERS:

Transactions as prescribed under regulation 23(5) of the Listing Regulations shall be exempted from prior approval of the Audit Committee and Shareholders.

CONSIDERATION BY THE COMMITTEE, WHILE APPROVING RPTs :

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 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 RPTs are in the ordinary course of the Company's business and are on an arm's length basis;

- b) b. The business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any;
- c) Whether the RPT includes any potential reputational risks that may arise as a result of or in connection with the proposed Transaction; and
- d) Whether the RPT would affect the independence or present a conflict of interest for any Director or KMP of the Company, taking into account the size of the transaction, the overall financial position of the Director, KMP or other Related Party, the direct or indirect nature of the Director's interest, KMP's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors, the Committee deems relevant.

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 Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.

APPROVAL BY CIRCULAR RESOLUTION OF THE COMMITTEE :

In the event the Company management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a RPT or to materially modify the RPT, such transaction / material modification may be approved by the Committee by way of a circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

STANDING PRE-APPROVAL / OMNIBUS APPROVAL BY THE COMMITTEE :

In cases where frequent, regular, or repetitive Related Party Transactions (RPTs) are to be entered into by the Company or its subsidiaries in the ordinary course of business, the Committee may grant standing pre-approval or omnibus approval, as permitted under the Companies Act, the Listing Regulations, and the Internal Standard Framework (ISF), as amended from time to time.

Before granting such approval, the Committee shall evaluate the necessity of omnibus approval and ensure that it is in the best interest of the Company. The omnibus approval shall include the requisite statutory disclosures as prescribed under applicable laws.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Committee for each specific transaction unless the price, value or material terms of the contract or arrangement have been varied / amended. Any proposed variations / amendments to these factors shall require prior approval of the Committee.

Where the exact details of an RPT are not foreseeable and prescribed information is unavailable, the Committee may grant omnibus approval provided the value of each transaction does not exceed **Rs. 1 Crore (Rupees One Crore only)**. These transactions shall be presented to the Committee in its next meeting for ratification. The Committee shall undertake an annual review of all such transactions, including the monetary limits, to ensure continued compliance with this Policy. Each omnibus approval shall remain valid for one year, post which fresh approval must be sought. In addition, the Committee shall review the RPTs on a quarterly basis, disclosing the transactions undertaken pursuant to each omnibus approval granted.

TRANSACTIONS NOT IN ORDINARY COURSE OF BUSINESS OR NOT ON AN ARM'S LENGTH BASIS :

All RPTs which are not in the ordinary course of business and / or not on an Arms' Length basis shall also require the prior approval of the shareholders through resolution and all the Related Parties, shall abstain from voting in favour of such resolution, whether the related party is a party to the particular contract or not.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY :

In the event the Company becomes aware of any Related Party Transaction (RPT) that has not been approved or ratified in accordance with this Policy, whether prior to or after its consummation, the matter shall be promptly placed before the Audit Committee for review. The Audit Committee shall consider all relevant facts and circumstances, including the nature of the transaction, the reasons for non-compliance, the impact on the Company, and any failure in internal control systems or reporting mechanisms.

Upon such review, the Audit Committee may evaluate all options available to the Company, including but not limited to ratification, revision, discontinuation, or termination of the transaction. The Committee may also recommend remedial measures such as seeking Shareholders' approval, payment of compensation to the related party for any loss incurred, or initiating actions to strengthen internal controls and compliance mechanisms.

If the Audit Committee determines not to ratify the transaction, it may direct appropriate corrective action, which could include discontinuation of the transaction or other measures as deemed necessary. In connection with any review or approval of an RPT, the Audit Committee shall have the authority to modify or waive any procedural requirements of this Policy if considered in the best interest of the Company.

DISCLOSURE AND REPORTING OF RPTs :

Every (i) material contract or (ii) contract which is not in ordinary course of business and / or not on an arm's length basis, entered into by the Company with the Related Party shall be referred to in the Board's report to the shareholders along with justification for entering into such a transaction. The Company Secretary and the Chief Financial Officer shall be responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Act.

The Company shall submit to the stock exchanges the disclosures of RPTs on a half yearly basis as per the timelines as prescribed under regulation 23(9) of the Listing Regulations, as may be amended from time to time.

SCOPE LIMITATION :

In the event of any conflict between the provisions of this Policy and the applicable provisions of the Listing Regulations, the Companies Act, or any other statutory enactments or rules, the provisions of such Listing Regulations, Act, or statutory enactments and rules shall prevail.

AMENDMENTS :

The policy would be subject to revision/amendment in accordance with the law, which would be placed before the Audit Committee for its approval. Further, the Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy subject to approval from the Audit Committee (including the affirmative vote of the Investor).
