

POLICY ON RELATED PARTY TRANSACTIONS

1. Scope and Purpose

Related Party Transactions (RPTs) may give rise to potential or actual conflicts of interest that could be detrimental to the interests of the Company and its shareholders. The Board of Directors ("the Board") of Dudigital Global Limited ("the Company") recognizes the significance of maintaining stakeholders' trust and confidence. In light of the regulatory requirements governing the approval of related party transactions, the Company has established this Policy to provide a structured framework for the identification, review, approval, and disclosure of RPTs.. It is formulated in accordance with the requirements of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), as amended from time to time. Regulation 23 of the SEBI Listing Regulations, mandates listed entities to formulate a policy on materiality of related party transactions and on dealing with related party transactions.

Related party transactions can potentially lead to conflicts of interest, and this policy aims to ensure procedural fairness, transparency, and proper governance in dealing with such transactions, safeguarding the interests of the Company and its shareholders.

2. Objectives of the Policy

The key objectives of this Policy are to:

- i. define the materiality thresholds for related party transactions;
- ii. establish the manner of dealing with transactions between the Company and its Related Parties, ensuring compliance with the Act, SEBI Listing Regulations, and other applicable laws and regulations;
- iii. ensure timely and adequate disclosure of related party transactions.

3. Definitions

Any term not specifically defined in this Policy shall have the meaning assigned to it under the Act, the SEBI Listing Regulations, the Securities Contracts (Regulation) Act, 1956, or any other applicable law or regulation.

- A. **"Act"** shall mean the Companies Act, 2013, and the Rules framed thereunder, including any modifications, clarifications, circulars or amendments thereof.
- B. **"Arm's Length Transaction"** means a transaction between two related parties conducted as if they were unrelated, without any conflict of interest. The term "Arm's Length Price" (ALP) refers to the price applied in a transaction between two unrelated persons/parties.
- C. **"Audit Committee"** means the "Audit Committee" constituted by the Board of Directors of the Company under provisions of the Act and SEBI Listing Regulations.
- D. **"Associate Company"** means any other company in which the Company has significant influence, but which is not a subsidiary company of the Company, and includes a joint venture company. It also means any entity which is an associate under sub-section (6) of Section 2 of the Companies Act, 2013 or under the applicable accounting standards.

- E. **“Board of Directors or Board”** means the Board of Directors of the Company, as constituted from time to time.
- F. **“Control”** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- G. **“Key Managerial Personnel”** means the personnels as defined in sub-section (51) of Section 2 of the Companies Act, 2013.
- H. **“Listed Entity”** means an entity which has listed its designated securities on a recognised stock exchange(s).
- I. **“Material Related Party Transaction(s)”** in terms of SEBI Listing Regulations means a transaction with a related party entered into individually or taken together with previous transactions during a financial year, if it exceeds Rs. 50 Crores (Rupees Fifty Crores) or 10% (Ten per cent) of the annual consolidated turnover of the listed entity as per the last audited financial statements, whichever is lower.
- J. **“Material Modifications”** shall mean change in overall transaction value beyond 50%, change in price of goods/services beyond 50%, or substantial changes/extension in tenure/duration.
- K. **“Related Party”** means related party as defined under Section 2(76) of the Act and rules framed thereunder. The following shall also be treated as the Related Party:
- i. all persons or entities forming part of promoter or promoter group (including entities over which the promoter or promoter group may have control or significant influence) irrespective of their shareholding;
 - ii. any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding financial year to the extent of 10% or more.
- L. **“Related Party Transaction” (“RPT”)** means a transaction involving a transfer of resources, services or obligations between:
- i. A listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
 - ii. A listed entity 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 listed entity or any of its subsidiaries;

Regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract. It shall include all the transactions specified under Section 188 of the Act.

Note: The following shall not be considered a related party transaction:

- a. issue of specified securities on a preferential basis (subject to ICDR compliance),
- b. uniform corporate actions like payment of dividend,
- c. sub-division/consolidation of securities, rights/bonus issue,
- d. buy-back of securities, acceptance of deposits by banks/NBFCs at terms uniformly applicable,

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- e. acceptance of current/saving deposits by banks in compliance with RBI directions,
- f. retail purchases by directors/employees without business relationship and on uniform terms.

M. **“Relative”** means relative as defined under Section 2(77) of the Act.

N. **“Senior Management”**: Officers and personnel who are members of the core management team, excluding the Board, and include all members of management one level below the CEO/MD/WTM/Manager (including CEO/Manager if not on Board), specifically functional heads, Company Secretary, and Chief Financial Officer.

O. **“Subsidiary”** means a subsidiary as defined under Section 2(87) of the Act.

4. Material Related Party Transaction Thresholds

SEBI Listing Regulations requires a company to provide materiality thresholds for transactions with its related party. In case, if a ‘related party transaction’ exceeds the materiality threshold, prior approval of the shareholders will be required by way of ‘Ordinary Resolution’.

For Dudigital Global Limited, 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 Rs. 50 crores (Rupees Fifty Crores) or 10 (ten) percent of the annual consolidated turnover of the listed entity as per the last audited financial statements.

5. Manner of Dealing with Related Party Transactions (Procedures)

5.1 Ascertaining Related Parties and Transactions:

- i. Every director and KMP shall disclose their concern or interest in any entity, including shareholding, annually at the first Board meeting of the financial year and whenever there is a change in interest.
- ii. The Company Secretary shall identify all related parties based on these disclosures and other available information and maintain a database, reviewed quarterly.
- iii. Subsidiaries shall inform the Company of any proposed RPTs that may require approval under this Policy.

5.2 Identification and Evaluation

- i. Every Director, KMP, CEO/CFO, and Departmental Heads are responsible for providing prior notice to the Company Secretary/CFO of any potential RPT.
- ii. Details of existing/proposed transactions shall be submitted, including the name of the related party, nature and period of the transaction, maximum amount, indicative price/formula, and other relevant information.
- iii. The Chief Financial Officer shall provide comments to the Audit Committee on whether the transaction is on an arm's length basis and in the ordinary course of business.

5.3 Review and Approval of Related Party Transactions

Related Party Transactions require approval at different levels based on their nature and materiality:

A. Audit Committee Approval:

Prior approval of the Audit Committee is required for all Related Party Transactions and subsequent material modifications

- Only Independent Directors on the Audit Committee shall approve RPTs.
- The Audit Committee shall consider factors such as the nature of relationship, nature and value of the transaction, business rationale, arm's length basis, and potential impact on independent directors' independence.
- Exception: Remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel, or senior management shall not require Audit Committee approval, provided that the same is not a material related party transaction.

Ratification: If a Related Party Transaction is entered into without prior Audit Committee approval, Independent Directors on the Audit Committee may ratify it within three months from the transaction date or in the immediate next Audit Committee meeting, whichever is earlier. This ratification is subject to conditions:

- i. The value of the ratified transaction(s) (individually or taken together during a financial year) shall not exceed Rupees one crore.
- ii. The transaction is **not** material in terms of the materiality thresholds defined in this Policy.
- iii. Rationale for the inability to seek prior approval must be provided.
- iv. Details of the ratification including –
 - a. Value of the Transaction
 - b. Materiality,
 - c. Rationale for Lack of Prior Approval,
 - d. Disclosure of Ratification Details,must be disclosed.
- v. Failure to seek ratification renders the transaction voidable at the Audit Committee's option, and the concerned director(s) shall indemnify the Company against any loss.

Omnibus Approval: The Audit Committee may grant omnibus approval for RPTs that are repetitive in nature, subject to certain conditions:

- i. The criteria for omnibus approval must be laid down in line with this Policy.
- ii. The Audit Committee must be satisfied regarding the need for such approval and that it is in the Company's interest.
- iii. The approval must specify the related party names, transaction nature, period, maximum amount, indicative price/formula, and other conditions.
- iv. For unforeseen transactions where details are not available, omnibus approval can be granted if the value does not exceed Rupees one crore per transaction.
- v. The Audit Committee shall review transactions approved under omnibus approval at least quarterly.
- vi. Omnibus approvals are valid for a period not exceeding one year and require fresh approval thereafter.
- vii. Omnibus approval generally should not be granted for transactions involving the sale of an undertaking or transactions non-repetitive in nature.

Board Approval:

RPTs that are referred by the Audit Committee because it is unable to determine if they are in the ordinary course of business and/or at arm's length require Board approval.

- i. Transactions specified under Section 188(1) of the Act that are not in the ordinary course of business and/or not at arm's length require Board approval.
- ii. All RPTs intended to be placed before shareholders for approval require Board approval.

Shareholder Approval:

- ❖ Prior approval of the shareholders is required for all Material Related Party Transactions (as defined in Section 4) and subsequent material modifications.
- ❖ The approval shall be obtained through a resolution.
- ❖ No related party shall vote on such resolution, regardless of whether the entity is a related party to the particular transaction.

Exception: Shareholder approval is not required for transactions between a holding company and its wholly owned subsidiary whose accounts are consolidated with the holding company and placed before the shareholders at the general meeting for approval.

5.4 Transactions with Subsidiaries

- i. a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the Audit Committee if the value of such transaction (individually or with previous transactions during a financial year) exceeds ten per cent of the annual standalone turnover of the subsidiary, as per its last audited financial statements.
- ii. Prior Audit Committee approval is not required for an RPT where a listed subsidiary is a party (and the Company is not), if Regulation 23 and Regulation 15(2) apply to that listed subsidiary.
- iii. For unlisted subsidiaries of such a listed subsidiary, the listed subsidiary's Audit Committee approval is sufficient.

6. Disclosures

- i. All RPTs entered into during the year shall be referred to in the Board's report to the shareholders, along with justification.
- ii. Every material RPT or RPT which is not on an arm's length basis shall be disclosed in the Annual Report with proper justification.
- iii. Details of transactions with promoter/promoter group holding 10% or more shareholding shall be disclosed in the annual report as per accounting standards.
- iv. The Company shall submit disclosures of RPTs to the stock exchanges in the format specified by SEBI.
- v. Such disclosures shall be published on the Company's website.
- vi. The disclosures to stock exchanges shall be made half-yearly along with standalone and consolidated financial results, shall be made on the date of publication of the financial results.
- vii. Details of all material transactions with related parties shall be disclosed quarterly along with the corporate governance compliance report.
- viii. The policy on dealing with RPTs shall be disclosed on the Company's website, and a web link provided in the Annual Report.

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- ix. A register of contracts or arrangements in which directors are interested shall be maintained as per the Act (Section 189) and placed before the Board meeting.

7. Related Party Transactions Not Approved Under This Policy

- i. If the Company becomes aware of an RPT that has not been approved according to this Policy prior to its execution, the Audit Committee shall review the matter.
- ii. The Audit Committee will assess all relevant facts and circumstances and evaluate options such as ratification, revision, or termination of the transaction. It will also examine the reasons for the failure to report and any failure in internal controls.
- iii. The Audit Committee may direct necessary actions, including discontinuing the transaction or seeking shareholder approval. If ratification is not granted, the transaction may be voidable, and the concerned director(s) may be liable to indemnify the Company.
- iv. The Audit Committee has the authority to modify or waive procedural requirements of this Policy during the review, provided it does not contradict applicable provisions of the Act or SEBI Regulations, 2015.

8. Review of the Policy

This Policy shall be reviewed by the Board of Directors at least once every three years and updated accordingly. The Audit Committee may also review and amend the Policy as needed, subject to Board approval.

9. Exclusions

Transactions between a holding company and its wholly owned subsidiary whose accounts are consolidated and placed before the shareholders at the general meeting for approval are exempt from the requirements of Section 188 of the Act and Regulation 23(2), (3), and (4) of the SEBI Regulations, 2015. Similarly, transactions between two wholly-owned subsidiaries of the listed holding company whose accounts are consolidated and placed before the shareholders at the general meeting for approval are also exempt from Regulation 23(2), (3), and (4). Transactions between government companies, payment of statutory dues/fees/charges to the government, and transactions between a public sector company and the government are also exempt from Regulation 23(2), (3), and (4).