

POLICY STATEMENT ON MATERIALITY

AND

DEALING WITH RELATED PARTY TRANSACTIONS

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(Updated and Effective from May 23, 2025)

Digidrive Distributors Limited

Registered Office:

33, Jessore Road, Dum Dum,
Kolkata-700028

Tel: 033 2551 2984,

E-mail: digidrive.sec@rpsg.in;

Website: www.digidriveindia.com

CIN: L51909WB2022PLC252287

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Preamble

Digidrive Distributors Limited (“Digidrive” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities and Exchange Board of India (“SEBI”). Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘the Listing Regulations’ or ‘LODR’) has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

Accordingly, the Board of Directors of Digidrive (referred to hereinafter as “the Board”) had framed this policy relating to Related Party Transactions as defined herein pursuant to Section 177, 188 and other applicable provisions of the **Companies Act, 2013** (‘the Act’) read with the Companies (Meeting of Board and its Powers) Rules, 2014 (‘Rules’) and Regulation 23 and other applicable regulations of the Listing Regulations including the notifications, circulars issued by SEBI from time to time.

In view of a recent amendment to the Listing Regulations issued by the Securities Exchange Board of India, the amendment to this Policy has been adopted by the Board of Directors of the Company (‘the Board’) based on the recommendations of the Audit Committee of the Board of the Company (‘the Audit Committee’) and shall be effective from April 1, 2025.

The Board has determined that the Audit Committee is best suited to review all Related Party Transactions.

Objectives of the Policy

The objective of this Policy is to set out:

- (a) The basis of identifying related parties of the Company as well as related party transactions;
- (b) the materiality thresholds for related party transactions; and
- (c) the manner of dealing with transactions between the Company and its related parties based on the Act, the Listing Regulations and any other laws and regulations as may be applicable to the Company.

Definitions

Act	The Companies Act, 2013
Audit Committee	Audit Committee of the Board of Directors of the Company constituted under provisions of the Listing Regulations and the Act.
Arm's Length Transaction	a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
Board	Board of Directors of the Company.
Industry Standards	Shall mean the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)" as notified by SEBI vide its circular dated February 14, 2025, as amended from time to time.
Key Managerial Personnel or KMP	Shall have the meaning assigned to it under Section 2(51) of the Act read with Regulation 2 (bb) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 each as amended from time to time and includes any person so authorized and designated by the Board of Directors of the Company as KMP.
LODR/the Listing Regulations	SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time.
Material Related Party Transaction Under LODR	<p>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. 1000 crore or ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.</p> <p>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, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.</p> <p>The above definition is subject to any amendments made to Regulations 23 (1), 23 (1A) and any other applicable Regulation(s) of the Listing Regulations from time to time, in which case the above definition shall deem to refer to such amended Regulations as prevailing from time to time.</p>

Material Modification	<p>Any modification(s), alteration(s) and/or change(s) to the terms and conditions governing a transaction having any of the following implications:</p> <ul style="list-style-type: none"> (a) 10% of the financial consideration; or (b) having financial implication of more than Rs.10 Crores shall be considered as material modification.
Ordinary Course of Business	<p>means a transaction which/wherein:</p> <ul style="list-style-type: none"> ➤ is carried out in the normal course of business envisaged in accordance with the Memorandum of Association ('MoA') of the Company as amended from time to time, or ➤ is as per historical practice with a pattern of frequency, or ➤ is in connection with the normal business carried on by the Company, or ➤ the income, if any, earned from such activity/transaction is assessed as business income in the Company's books of accounts and hence is a business activity, or ➤ is common commercial practice, or <p>meets any other parameters/criteria as decided by the Board/Audit Committee from time to time.</p>
Related Party	<p>Related Party shall have the same meaning as defined under Section 2(76) of the Act or under the applicable accounting standards read with Regulation 2(1) (zb) of the Listing Regulations and other applicable provisions, if any.</p> <p>Reference and reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and / or SEBI and other authorities from time to time on the interpretation of the term "Related Party"</p>
Related Party Transaction	<p>Shall mean any transaction as defined in Section 188 of the Act read with applicable accounting standard(s) and Regulation 2(1)(zc) of the Listing Regulations, as amended from and involving a transfer of resources, services or obligations between:</p> <ul style="list-style-type: none"> (a) the Company or any of its subsidiaries on one hand and a related party of Company or any of its subsidiaries on the other hand; (b) 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.

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, including but not limited to the following:

- (a) sale, purchase or supply of any goods or materials;
- (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) appointment to any office or place of profit in the Company, its subsidiary or associate company
- (g) underwriting the subscription of any securities or derivatives thereof, of the Company.

Following shall not be considered Related Party Transaction of the Company in terms of the 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 Digidrive or 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.

The above definition is subject to any amendment(s) made to Section 188 of the Act or applicable accounting standard(s) or Regulation 2(1)(zc) and / or any other applicable regulation(s) of the Listing Regulations from time to time, in which case the above definition shall deem to refer to such amended provision(s) of the Act or applicable accounting standard(s) or the Listing Regulations as prevailing from time to time.

Specified Related Party Transaction	A related party transaction as specified in Section 188 (1) of the Act read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014.
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Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations or any other applicable law or regulation.

Applicability

This Policy shall be applicable to all Related Party Transactions (as defined above). All Related Party Transactions are to be done strictly as per the procedures, processes and methodologies prescribed in this policy and this policy shall invariably be applicable to the Company for all transactions with its related parties.

Procedure

(a) Identification of Related Parties:

Each Director and Key Managerial Personnel shall, at the beginning of a financial year, disclose to the Company Secretary of the Company particulars of their Related Parties and disclose any changes thereto during the financial year as immediately as practicable. Further Promoter(s) shall, at the beginning of a financial year, will disclose list of their respective promoter group, to the Company Secretary of the Company and disclose any changes thereto during the financial year as immediately as possible. Based on the above and where applicable, based on other information, the management shall prepare and present before the Audit Committee, a list of Related Parties ("Related Parties List"). This list will be updated on an ongoing basis to reflect changes, if any.

Further, the Secretarial Department shall on an ongoing basis review the definition of related party under the Act as well as under LODR and shall circulate the Related Parties List to Finance and Accounts Department.

(b) Identification of Related Party Transactions:

The Finance and Accounts Department shall provide details of all related party transactions well in advance to the Secretarial Department so that it can convene the meeting of Audit Committee and the Audit Committee has adequate time to obtain and review information about the proposed transaction.

Generally, Related Party Transactions will be done only at arm's length in terms of prices/terms and conditions and in the ordinary course of business. In case where a transaction is done without monetary consideration, then the arm's length price shall be the deemed consideration for such transaction.

Comparable arm's length price is to be established for every transaction by any adopting one of the following methods:

- (i) Comparison with similar transactions with third parties
- (ii) Obtaining three (3) quotations
- (iii) Establishing comparable prices/terms using reputed databases or indices.
- (iv) Transfer pricing analysis determined by a third-party agency
- (v) Any price determined by any Regulator
- (vi) Third party valuation report to be obtained to establish the Arm's Length Price.

Review and approval of Related Party Transaction

A. Audit Committee

All Related Party Transactions and subsequent material modification(s) shall require prior approval of the Audit Committee before entering into such transaction in compliance with the provisions of the Act and the Listing Regulations, as amended from time to time. The Audit Committee shall consider all relevant factors while deliberating the Related Party Transactions for its approval.

Upon the Industry Standards becoming effective, the management shall categorize the Related Party Transactions under the following categories as per any Industry Standards and place applicable disclosures before the Audit Committee seeking approval:

- (a) Material Related Party Transactions
- (b) Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
- (c) Residual Related Party Transactions.

Only those members of the Audit Committee, who are independent directors, shall approve Related Party Transactions.

- ❖ A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the Audit Committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary.

Prior approval of the Audit Committee shall not be required for:

- (i) Related Party Transactions, where the listed subsidiary is a party, but the Company is not a party, and if Regulation 23 and Regulation 15(2) of the Listing Regulations are applicable to such listed subsidiary.
- (ii) Related Party Transactions of unlisted subsidiaries of listed subsidiary of the Company, where the prior approval of the Audit Committee of the listed subsidiary is obtained.
- (iii) transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- (iv) 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.

- (v) remuneration and sitting fees paid by Digidrive or its subsidiaries to its directors, key managerial personnels or senior management, except who is part of promoter or promoter group, provided that the same is not material in terms of the provisions of Regulation 23 of the Listing Regulations.

Omnibus Approval

- ❖ The Audit Committee may grant omnibus approval for Related Party Transactions which are repetitive in nature and subject to the following conditions:
 - (i) The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - (ii) The indicative base price/current contracted price and the formula for variation in the price, if any; and
 - (iii) Such other conditions as may be required to be fulfilled in terms of any amendment(s), notifications(s) or direction(s) under the Act/the Listing Regulations or by the Audit Committee.

The above conditions in respect of granting of Audit Committee approval is subject to other provisions contained in Regulation 23 as well as any amendment made in the said Regulation and any other applicable Regulation(s) of the Listing Regulations from time to time, in which case the above conditions shall deem to refer to such Regulation(s) or any amendment thereof.

- ❖ Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of that financial year.

The Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company and its subsidiary(ies) pursuant to the omnibus approval. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

Agenda for Audit Committee to consider and approve Related Party Transactions

The agenda for the Audit Committee to consider and approve a Related Party Transaction, shall have the minimum information as prescribed (i) under para (A) of Section III-B of the SEBI Master Circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities dated November 11 2024 or any subsequent modifications to it: and (ii) as prescribed under any 'Industry Standards on minimum information to be provided for review of the Audit Committee and shareholders for approval of a related party transaction' ("Industry Standards") as and when the Industry Standards become applicable.

Ratification of Related Party Transactions

- ❖ The members of the Audit Committee, who are independent directors, may ratify Related Party Transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the following conditions:
 - (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - (ii) the transaction is not material;
 - (iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
 - (iv) the details of ratification shall be disclosed along with the half yearly disclosures of Related Party Transactions to the Stock Exchanges;
 - (v) any other condition as the Audit Committee may deem fit.

However, failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.

B. Board of Directors

In case any Related Party Transactions are referred by the Company to the Board for its approval in view of the transaction being,

- (i) not in the ordinary course of business, and / or
- (ii) not at an arm's length price,

the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction apart from any other information/document that the Board may have to consider as per requirement of the Act/ the Listing Regulations, as amended from time to time. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

The agenda for the Board meeting to consider and approve a Related Party Transaction, shall have the minimum information as prescribed (i) under Rule 15 of the Companies (Meetings of Board

and its Powers) Rules, 2014; and (ii) as prescribed under any 'Industry Standards on minimum information to be provided for review of the Audit Committee and shareholders for approval of a related party transaction' ("Industry Standards") as and when the Industry Standards become applicable.

C. Shareholders

If a Related Party Transaction is;

- (i) a Material Related Party transaction as defined in this Policy,
or
- (ii) not in the ordinary course of business, or not at arm's length price and a Specified Related Party Transaction as defined in this Policy.

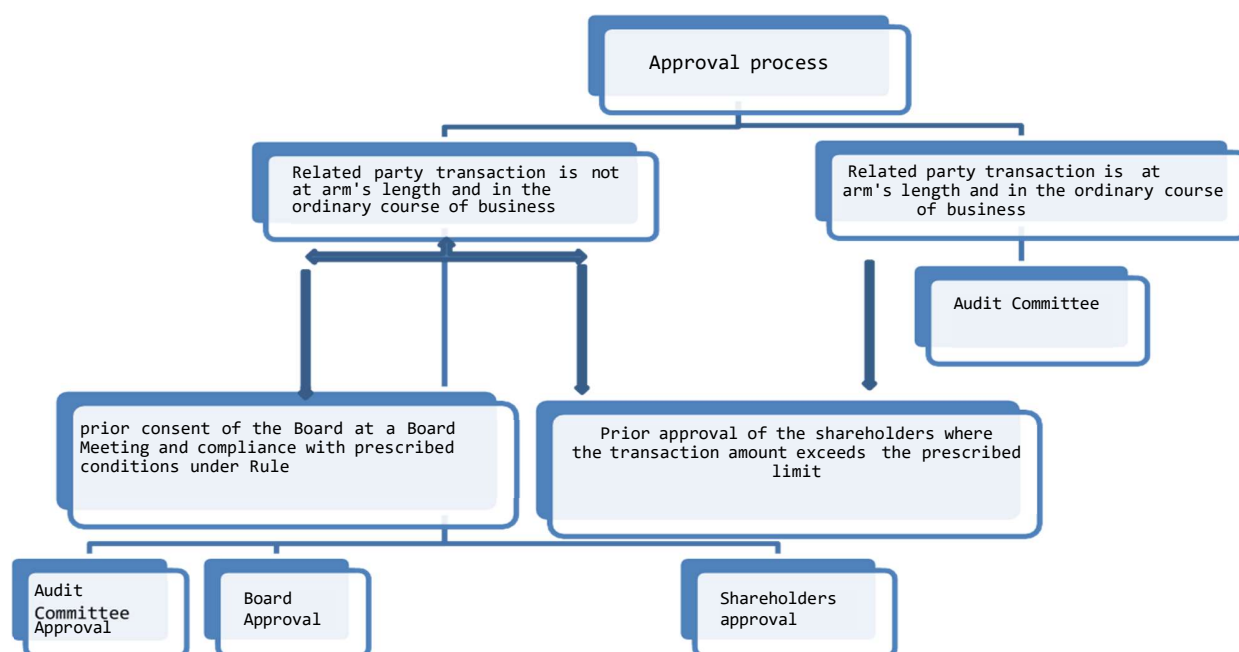
it shall require approval of the shareholders of the Company.

However, prior approval of the shareholders 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 23 and sub-regulation (2) of regulation 15 of the Listing Regulations are applicable to such listed subsidiary.

The requirement of shareholders' approval shall also not be applicable for transactions in respect of which any relaxations/exemptions are provided in the Act and/or the Listing Regulations including in any amendment thereof.

The Statement to Notice to the shareholders to consider and approve a Related Party Transaction, shall have the minimum information as prescribed (i) under Rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014; (ii) under para (B) of Section III-B of the SEBI 'Master Circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities' dated November 11, 2024 or any subsequent modifications to it; and (iii) as prescribed under any 'Industry Standards on minimum information to be provided for review of the Audit Committee and shareholders for approval of a related party transaction' ("Industry Standards") as and when the Industry Standards become applicable.

Approval process Chart



Materiality of Transaction:

In relation to all Material Related Party Transactions and/or any material modifications thereto, following procedure shall be followed:

- The Audit Committee shall be responsible to verify materiality threshold of the Company in the meeting where annual consolidated financial statements of the Company are adopted. Such threshold would be relevant for identifying material transactions or any material modification entered / proposed to be entered with a related party in next year.
- The Audit Committee shall verify the potential Related Party Transactions that may exceed the materiality threshold for a particular financial year on a progressive basis.
- The Audit Committee/Board shall review the Material Related Party Transactions or any material modification as per the procedure laid down in the Policy.
- The Board shall place the Material Related Party Transactions before the shareholders for their approval.

Pre-approved Transactions

The following types of transactions will be deemed to be pre-approved by the Committee; will not be reviewed by the Audit Committee and do not require approval or ratification:

- (a) Director's Appointment and Compensation: Any employment by the Company of, or compensation paid to the Directors or to the Key Managerial Personnel;
- (b) Continuing Related Party Transactions: All continuing Related Party Transactions which have been approved by the Audit Committee, Board and Shareholders, shall not be placed for approval again, unless there is any Material Modification. However, as aforesaid, any omnibus approval granted by Audit Committee for repetitive Related Party Transactions shall be valid for one financial year and shall require fresh approval after the expiry of that year.

Disclosures

All Related Party Transactions are to be disclosed in the Company's standalone and consolidated financial statements in accordance with applicable accounting standards.

Related Party Transactions are to be disclosed to the Stock Exchanges on a consolidated basis, within such period from the date of publication of standalone and consolidated financial results of the Company for every half-year, as may be stipulated in the Listing Regulations from time to time.

The Company shall disclose the Policy on dealing with Related party Transactions on its website and a web-link shall be provided in the Annual Report.

The Company shall disclose, in the Board's report, transactions, if any, prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or arm's length basis along with the justification for entering into such transaction.

The Company Secretary shall also arrange to make necessary entries in the Register of Contracts required to be maintained under the Act.

Scope Limitation

In the event of any conflict between this Policy and the LODR / Act or any statutory enactments, rules, the provisions of such LODR/ Act or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

Review and amendments

The Board on recommendation of the Audit Committee shall review the Policy once in three years and may amend the same, if required.