

RELATED PARTY TRANSACTION POLICY OF DIGILOGIC SYSTEMS LIMITED

The policy is adopted by the Board of Directors in their meeting held on 28.07.2025

I. PREAMBLE

Digilogic Systems Limited (the Company) in consonance to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and related provisions of the Companies Act, 2013 (hereinafter referred to as 'Act') recognizes the potential conflict of interest between the Company and its stakeholders in case the Company enters into contracts/arrangements with its related party and considering such transactions are at the best interest of both the parties in the given situation.

II. POLICY OF THE COMPANY

- i. The term of related party transactions and materiality of the same shall be deemed to be as defined under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Act and so far, applicable to the Company and its alike transactions as on date and any amendment thereto from time to time of the respective laws.
- ii. All the transaction with the related parties and subsequent modifications would require prior approval of the Audit Committee provided that only those members of the Audit Committee, who are Independent Directors, shall approve related party transactions including transactions entered into under omnibus approval of the Audit Committee due to repetitive transactions of the same nature and with the same related party as may permitted.

III. MATERIALITY THRESHOLD

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a Company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required. None of the related parties of a Company shall vote to approve on such resolution irrespective of whether the entity is a related party to the particular transaction or not (Related Parties can cast only negative vote to reject the shareholders' resolution on material RPT).

- i. The threshold limit for material related party transactions (all transactions taken together in a financial year) shall be, any transaction exceeding rupees **one thousand crores or 10% of the annual consolidated turnover of the Company**, whichever is lower, as per the last audited financial statement of the Company as prescribed under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ii. Royalty / brand usage payment to a related party (all transactions taken together in a financial year) shall deemed to be material if the transactions exceed 5% of the annual consolidated turnover of the Company as per the last audited financial statement of the Company or such higher limit as prescribed under Regulation 23 of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015.

Related Party Transaction policy on materiality and its threshold limits shall be reviewed by the Board of Directors of the Company once in every three years and updated accordingly.

IV. PROCEDURE FOR APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of the Audit Committee

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:

- a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following viz.:
 - i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii. The maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the audit Committee at the time of seeking omnibus approval;
 - iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the Company pursuant to each omnibus approval made;
 - v. transactions which cannot be subject to the omnibus approval by the Audit Committee.
- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, viz:-
 - 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 regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;
- d. The omnibus approval shall provide details of (i) the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit. Provided that where the need for related party transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their

value not exceeding INR One (1) crore per transaction.

- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the Company pursuant to the omnibus approval given;
- f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after 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. Any other conditions as the Audit Committee may deem fit.

B. In compliance to the approval of the Board of Directors, the Audit Committee of the Company has specified following criteria for granting omnibus approval:

The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold as defined in Clause 3 of the Policy.

While assessing a proposal put up before the Audit Committee / Board for approval, the Audit Committee / Board may review the following documents / seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:

- i Nature of the transaction i.e. details of goods or property to be acquired / transferred or services to be rendered / availed (including transfer of resources) – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transaction;
- ii Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum;
- iii. Any other details as may deem fit by the Audit Committee.

Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:

- i. Transactions which are not at arm's length or not in the ordinary course of business.
- ii. Transactions which are not repetitive in nature.
- iii. Transactions exceeding materiality thresholds as laid down in Clause 5 of the Policy.
- iv. Transactions in respect of selling or disposing of the undertaking of the Company.
- v. Financial Transactions e.g. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties,

- corporate guarantee given/received from related parties.
- vi. Any other transaction the Audit Committee may deem not fit for omnibus approval.

C. Approval of the Board of Directors of the Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- i. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- iii. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval.
- iv. Transactions meeting the materiality thresholds laid down in Clause 3 of the Policy, which are intended to be placed before the shareholders for approval.

D. Approval of the Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds are placed before the shareholders for approval. For this purpose, none of the related parties of the Company shall vote to approve on such shareholders' resolution irrespective of whether the entity is a related party to the particular transaction or not. (Related Parties can cast only negative vote to reject the shareholder's resolution on material RPT).

In addition to the above, all kinds of transactions specified under Section 188 of the Act which (a) are not at Arm's Length or not in the ordinary course of business; and (b) exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 are placed before the shareholders for its approval.

However, the requirement of shareholders' approval for Material Related Party Transactions shall not be applicable for the following cases:

- i. transactions in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code (IBC) 2016, subject to the event being disclosed to recognized stock exchange within one day of the resolution plan being approved.

- ii. 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.

V. ADDITIONAL APPROVAL FUNCTIONALITY OF THE AUDIT COMMITTEE

- i. The audit Committee shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;
 - (a) 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 consolidated turnover, as per the last audited financial statements of the listed entity;
 - (b) 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;
 - (c) prior approval of the audit Committee of the listed entity shall not be required for a related party transaction 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are applicable to such listed subsidiary.
 - (d) Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit Committee of the listed subsidiary shall suffice
- ii. All the related party contracts / arrangements shall be entered into at an arms’ length basis.
- iii. In case the market price of any transactions/arrangements are not available or cannot be ascertained and could not be executed with outsiders due to secrecy of the nature of products or formula, such transactions shall be done as far as possible to the nearest market price and after citing justification to the Audit Committee for such transaction and necessity.
- iv. All contracts/arrangements shall adhere to the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, provisions of the Companies Act, 2013 and rules made thereunder and the Accounting Standards.

- v. A maximum sum of INR One (1) crore during the financial year has been capped under omnibus approval by the Audit Committee for the transactions of repetitive nature and with the same related party. All such transactions shall be reviewed by the Committee on quarterly basis. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- vi. If any contract or arrangement is entered by a Director or any employee without the consent of the Board or without Special Resolution in General Meeting due to some urgency, it shall be **ratified** by the Board or General Meeting by means of Special Resolution within **3 months**, as the case may be.
- vii. In case of the contracts / arrangements with related party is not in the ordinary course of business or at Arm's Length, the Company would comply with the respective provisions of the Companies Act, 2013 and rules made thereunder.
- viii. All the material related party transactions above the threshold limits as mentioned above and material modifications thereto other than exempted wholly owned subsidiary shall require prior approval of shareholders through resolution and no related party shall vote to approve such resolution whether the entity is related party to the particular transaction or not but they can cast negative vote on the resolution.

This policy is meant to provide a framework to regulate transactions between the Company and its related parties based on applicable laws and regulations. The Audit Committee and the Board of Directors will review this policy periodically and may amend or modify the Policy accordingly, from time to time.

Sd/-

Madhusudhan Varma Jetty
Managing Director