

Policy on Materiality of Related Party Transactions

DEE Development Engineers Limited

1. Preamble and Objective

This Policy on Materiality of Related Party Transactions ("Policy") is formulated by DEE Development Engineers Limited ("Company") in accordance with Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), as amended from time to time, and Section 188 of the Companies Act, 2013 ("Companies Act").

The objective of this Policy is to ensure proper identification, approval, reporting, and disclosure of all Related Party Transactions ("RPTs") while maintaining transparency, protecting shareholder interests, and ensuring compliance with applicable laws and regulations.

2. Scope and Applicability

This Policy applies to all transactions between the Company and its Related Parties, including subsidiaries, associates, joint ventures, key managerial personnel, and their relatives. The Policy covers both material and non-material RPTs, whether entered into directly or indirectly by the Company.

3. Definitions

"Act" or "Companies Act, 2013" means the Companies Act, 2013 and rules made thereunder as modified or amended from time to time.

"Associate Company" means as defined in Section 2(6) of the Companies Act, 2013.

"Arm's Length Transaction" means a transaction between two Related Parties that is conducted as if they were unrelated parties, ensuring no conflict of interest and fair pricing.

"Audit Committee" means the Audit Committee of the Board of Directors of the Company, constituted in accordance with the provisions of SEBI LODR and Companies Act.

"Board" means the Board of Directors of the Company.

"Control" means as defined under the Act 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.

"Holding Company" means as specified under section 2(46) of the Companies Act, 2013.

"Key Managerial Personnel (KMP)" means key managerial personnel as defined under the Companies Act, 2013, including Managing Director, Chief Executive Officer, Whole-time Director, Chief Financial Officer, and Company Secretary.

"Listing Regulations" or SEBI LODR means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

"Material Related Party Transactions" /Material RPT means, a transaction with a related party as specified under Regulation 23 of LODR or as amended from time to time. Accordingly, transaction 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 10% (ten percent) of the

annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

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, exceed 5% percent of the annual consolidated turnover, as per the last audited financial statements of the company.

"Material Modification" means and include " means and include any modification to an existing related party transaction having variance of 20% of the existing limit as sanctioned by the Audit Committee / Board / Shareholders, as the case may be..

"Ordinary Course of Business" means transactions that are necessary for the day-to-day operations of the Company and are of a nature that would be expected to occur regularly in the Company's business.

"Related Party" means a related party as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of SEBI LODR, including:

- Directors, KMPs, and their relatives;
- Subsidiaries, holding companies, associate companies, and fellow subsidiaries;
- Promoters, promoter group entities;
- Any person or entity holding 10% or more equity shares in the Company at any time during the immediately preceding financial year.

"Relative" means as defined under Section 2(77) of the Companies Act, 2013 and under SEBI LODR, as amended from time to time.

"Related Party Transaction (RPT)" means as defined under Section 188 of the Act, or under Regulation 2(1)(zc) of the SEBI LODR

a.) Under Section 188 of the Companies Act, 2013

Any contract or arrangement with respect to the following shall be considered as a Related Party Transactions:

- i) sale, purchase or supply of any goods or materials;
- ii) selling or otherwise disposing of, or buying, property of any kind;
- iii) leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii) underwriting the subscription of any securities or derivatives thereof of the Company.

As per Regulation 2(1)(zc) of the SEBI LODR

"Related Party Transaction" 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

Further, the following shall not be a related party transactions:

- a) Issue of specified securities (i.e., equity shares or convertible securities) on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) The following corporate actions by the Company which are uniformly applicable/ offered to all shareholders in proportion to their shareholding: (i) Payment of Dividend; (ii) Sub-Division or Consolidation of Securities; (iii) Issuance of Securities by way of a Rights Issue or a Bonus Issue; and (iv) Buy-Back of Securities

All terms used in this Policy but not defined herein shall derive their meaning/definition from the Companies Act, 2013 and LODR

ASCERTAINING “ARMS’ LENGTH” IN RELATED PARTY TRANSACTION

The expression “arms’ 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.

Indicative factors for determining term Ascertainment of Transaction on arm’s length basis are:

- a) Whether the terms of the transaction is in the ordinary course of business.
- b) How the consideration price has been arrived.
- c) Is it comparable with Internal and external industry benchmarks.
- d) Any other relevant documents / information which supports the contention that the transaction is on arm’s length basis

4. Identification of Related Parties

The Company shall maintain an updated list of Related Parties, which shall be reviewed and updated at least annually. All Directors, KMPs, and employees are required to:

- Disclose their relationships that may be considered as Related Parties at the beginning of each financial year;
- Promptly inform the Company Secretary of any changes in such relationships during the year;
- Provide advance notice of any potential Related Party Transaction.

5. Materiality Thresholds

5.1 Material Related Party Transactions under SEBI LODR

A transaction with a Related Party is considered material if the transaction(s), individually or taken together with previous transactions during a financial year, exceeds:

Transaction Type	Materiality Threshold
General RPTs	Rs. 1,000 crore or 10% of annual consolidated turnover, whichever is lower
Brand usage/royalty payments	5% of annual consolidated turnover

5.2 Material Related Party Transactions under Companies Act, 2013

Category	Threshold
Sale, purchase, or supply of goods/materials	10% of turnover or Rs. 100 crore, whichever is lower
Buying/selling/leasing of property	10% of net worth or Rs. 100 crore, whichever is lower
Availing/rendering services	10% of turnover or Rs. 50 crore, whichever is lower
Appointment to office/place of profit	Monthly remuneration exceeding Rs. 2.5 lakh
Underwriting of securities	Exceeding 1% of net worth

6. Approval Process

6.1 Audit Committee Approval/Omnibus Approval

- All RPTs, except those with wholly owned subsidiaries, require prior approval of the Audit Committee.
- Only independent directors in the Audit Committee shall approve RPTs.
- The criteria to be considered by the Audit Committee for granting omnibus approval includes the following:-
 - (i) Transactions are frequent/regular/repetitive in nature and are in the normal course of business of the Company.
 - (ii) Justification for need of omnibus approval and whether such approval is in the best interest of the Company.
- The proposal for omnibus approval placed before the Audit Committee shall include the following information:
 - (i) the name(s) of the related party,

- (ii) nature of transaction,
- (iii) period of transaction,
- (iv) maximum amount of transactions that shall be entered into,
- (v) the indicative base price / current contracted price and the formula for variation in the price if any;
- (vi) minimum information about the RPTs as per the provisions of the Industry Standards and
- (vii) such other conditions as the audit committee may deem fit: 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 rupees one crore per transaction
- Omnibus approval shall be valid for period not exceeding one year or and shall require fresh approval after expiry of one year.
- D. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- E. Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the company or its subsidiary pursuant to each of the omnibus approval given.

6.2 Board Approval

- RPTs not in the ordinary course of business or not at arm's length require Board approval.
- Directors with interest in the transaction must abstain from discussion and voting.

6.3 Shareholders' Approval

- All Material RPTs and Material Modifications require prior approval by shareholders through special resolution.
- Related parties are not permitted to vote on such resolutions.
- Exemptions apply for transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated.

7. Exemptions

The following transactions are exempt from the approval requirements:

- Transactions between the Company and its wholly owned subsidiaries whose accounts are consolidated;
- Transactions between two wholly owned subsidiaries of the Company;
- Transactions between two public sector companies;
- Transactions involving statutory dues, fees, or charges with Central/State Government.

8. Ratification Process

Related Party Transactions entered into without proper approval may be ratified by the Audit Committee within three months, subject to:

- Transaction value not exceeding Rs. 1 crore;
- Transaction not being material under SEBI LODR;
- Rationale for inability to seek prior approval being provided.

9. Reporting and Disclosure Requirements

9.1 Stock Exchange Disclosures

- Half-yearly disclosure of RPTs to stock exchanges within prescribed timelines;
- Material RPTs disclosed in quarterly corporate governance reports;
- Compliance with Industry Standards for RPT disclosures effective from September 1, 2025.

9.2 Annual Report Disclosures

- Details of all RPTs requiring Board/shareholder approval;
- Justification for entering into such transactions;
- Confirmation of arm's length nature and business rationale.

9.3 Website Disclosure

- Policy to be disclosed on the Company's website;
- Material RPTs to be disclosed on the website for at least five years.

10. Governance and Review

10.1 Authority

The Managing Director, Chief Financial Officer, and Company Secretary are jointly and severally authorized to determine materiality and make necessary disclosures, subject to ratification by the Board.

10.2 Review and Amendment

- The Policy shall be reviewed annually by the Audit Committee and Board;
- Any amendments require Board approval and compliance with regulatory requirements;
- The Policy shall be updated to align with changes in applicable laws and regulations.

11. Compliance and Monitoring

11.1 Internal Controls

- Establish adequate systems and processes for identification and approval of RPTs;
- Regular training of employees and KMPs on RPT compliance;
- Periodic review of RPT processes and controls.

11.2 Documentation

- Maintain proper documentation of all RPT approvals and ratifications;
- Ensure compliance with record-keeping requirements under applicable laws.

12. Effective Date

This Policy is effective from the date of Board approval and supersedes all previous versions. The Policy shall be reviewed and updated as required to ensure compliance with evolving regulatory requirements.