



DUCON INFRA TECHNOLOGIES LIMITED

Policy on Related Party Transactions



OUR VISION

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the Company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Regulation 23 of the SEBI (LODR) Regulations, 2015 a company is required to formulate a policy on materiality of related party transactions and dealing with related party transactions.

In light of the above, Ducon Infratechnologies Limited has framed this Policy on Related Party Transactions ("Policy") and the said Policy includes the materiality threshold and the manner of dealing with Related Party Transactions ("Policy") in compliance with the requirements of Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015. Amendments, from time to time, to the Policy, if any, shall be considered by the Board based on the recommendations of the Audit Committee.

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.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out:

- (a) The materiality thresholds for related party transactions and;
- (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI (LODR) Regulations, 2015 and any other laws and regulations as may be applicable to the Company.

DEFINITIONS

(a) 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 SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013.

(b) Arm's Length Transaction:

Arm's Length Transaction means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

(c) 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') of the Company as amended from time to time, or
- historical practice with a pattern of frequency, or



- common commercial practice, or
- meets any other parameters/criteria as decided by the Board/Audit Committee.

(d) Material Related Party Transaction:

“Material Related Party Transaction (Material RPT)” shall mean related party transactions as defined under the regulation 23(1) of Listing Regulations or provisions of companies Act, 2013

(e) “Related Party Transaction” or “(RPT)” means transactions as given under clause (a) to (g) of section 188 and / or as defined in regulation 2(1)(zc) of Listing Regulations.

(f) Related Parties:

If we conduct Company’s business with a relative or with a Company in which a relative is associated in any significant role, we must disclose the same to our Compliance Officer. Relatives, for the purposes of this Code shall mean those persons who are defined as 'Relatives' under the Companies Act, 2013 including the SEBI (LODR) Regulations, 2015. If a relative is being considered for any position or assignment within the Company, we must disclose the same to appropriate authority within the Company.

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

- (i) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- (ii) Such entity is a related party under the applicable Accounting Standards.

(g) Key Managerial Personnel:

“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 as may be prescribed.

(h) 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;

(i) Related Party Transaction:

A related party transaction is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged. A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract. Following transactions are identified for the purpose of compliance with regard to related party:

- 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

(j) Material related Party Transaction includes the following

- i) 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 rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower
- ii) 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{five} percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity
- iii) 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 (10)ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity; However, with effect from April 1, 2023, 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;The following transaction(s):

Sr No	Details of Transactions	Threshold limit
1.	Sale, Purchase or supply of any goods or materials directly or through appointment of agents	* exceeding Ten percent (10%) of the annual turnover as mentioned in Section 188(1)(a)&(e) of the Companies Act, 2013
2.	Selling or otherwise disposing of, or buying property of any kind directly or through appointment of agents	* exceeding ten percent (10%) of the Networth of the Company as mentioned in Section 188 (1)(b) & (e) of the Companies Act, 2013



3.	Leasing of property of any kind	* exceeding ten percent (10%) of the turnover of the Company as mentioned in Section 188 (1)(c) of the Companies Act, 2013
4.	Availing or rendering of any services directly or through appointment of agents	* exceeding ten percent (10%) of the Net worth as mentioned in Section 188 (1)(d) & (e) of the Companies Act, 2013.
<p>* Explanation:</p> <p>1. The Turnover or Networth referred in the above shall be computed in the basis of the Audited Financial Statement of the preceding Financial Year</p> <p>2. It is hereby clarified that the limits specified above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.</p>		
5.	Appointment to any office or place of profit in the company, its subsidiary company or associate company	At a monthly remuneration exceeding Rs. 2,50,000/- as mentioned in Section 188 (1)(f) of the Companies Act, 2013
6.	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	One percent of the net worth as mentioned in Section 188 (1)(g) of the Companies Act, 2013

Identification of Related Party Transactions

In addition to any other declaration/disclosure which may be required to be made under the Companies Act, 2013 and the rules made thereunder, and the Listing Regulations, every director and key managerial personnel shall provide a written declaration to the Company Secretary or any other officer of the Company authorized by the Board of Directors, containing the following information-

- a. List of Relatives
- b. List of firms in which he/she or his/her relative is a partner.
- c. List of private companies in which he/she is a member or director.
- d. List of public companies in which he/she is a director and holds either individually or along with his/her relatives more than 2% of the paid up share capital ;
- e. List of bodies corporate whose Board of Directors, Managing Director, or Manager is accustomed to act in accordance with his/her directions, instructions or advice (other than directions, instructions or advice given in a professional capacity).
- f. List of persons/bodies corporate on whose directions, instructions, or advice he/she is accustomed to act (other than directions, instructions, or advice received in professional capacity).

The Director and the Key Managerial Personnel shall immediately intimate the Company Secretary or any other officer authorized by the Company, regarding any changes in the aforesaid declaration.

Every Director, Key Managerial Personnel of the Company shall give a prior notice to the Company regarding a potential Related Party Transaction with the Company which may, directly or indirectly, involve either him/her or his/her relative, along with all relevant details and documents.



REPORTING REQUIREMENTS BY MEMBERS OF THE BOARD

- The members of the Board and the key managerial persons shall disclose to the Board whether they have a material interest in any transaction or matter affecting the Company.
- The Board and the key managerial persons shall conduct themselves in such a manner so as to meet the expectations of operational transparency to stakeholders while at the time maintain confidentiality of information in order to foster a culture for good decision making.
- The Board of Directors shall collectively monitor and manage potential risk of conflicts of interest of management, board members and shareholders including misuse of corporate assets and abuse in related party transactions.
- Members of the Board should be required to disclose to the board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting the company.
- Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- The Company would ensure that All Related Party Transactions are pre-approved by the Audit Committee.

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to the following conditions

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- c. Such omnibus approval shall specify (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 the Audit Committee may deem fit;

Provided that 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 Rs. 1 crore per transaction.



- d. Audit Committee shall review, atleast on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Provided the requirement for prior approval of the Audit Committee shall not be applicable for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

- The Company while seeking such approval of shareholders shall ensure that all the entities falling under the definition of related parties shall abstain from voting on such resolutions.

Provided that for transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval, only the related parties as may be categorized as a related party in the context of the said transaction for which the special resolution is being passed shall not cast vote for the said transaction.

Shareholders' Approval

Consent of the Board and the Shareholders would be taken in respect of all RPTs, except in the following cases:

1. Where the transactions are below the threshold limits specified in the Companies Act, 2013 & Rules there under or the Listing Regulations, as may be applicable; or
2. Where the transactions are entered into by the Company in its ordinary course of business and are on an Arms' Length basis; or
3. Where the transactions to be entered into individually or taken together with previous transactions during a financial year does not exceed ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Ratification of the Related Party Transactions

Where any contract or arrangement, which is considered as a related party transaction exclusively as per Companies Act, 2013, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board or the shareholders of the Company, such transaction shall be ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

In case such transaction is not ratified within the specified period, such contract or



arrangement shall be voidable at the option of the Board and if the contractor arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

Related Party Transactions not approved under this Policy

In the event the company becomes aware of any Related Party Transactions that has not been approved under this policy, prior to its consummation, the matter shall be reviewed by the Audit Committee. Audit Committee may consider all of the relevant facts and circumstances regarding the Related Party Transactions and may evaluate all the options available with the Company. Audit Committee may also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and failure of internal control systems, and may take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate may direct additional action including, but not limited to, discontinuation of the transaction or seeking the approval of the Shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this policy.

REPORTING

- The Company is committed to disclose the details of all material transactions with related parties quarterly along with the compliance report on corporate governance.
- Appropriate disclosures as required under the Act and the Listing Regulations will be made in the Annual / Board's Report and to the Stock Exchanges. The Company Secretary of the Company shall be responsible for ensuring that the required disclosures relating to RPTs are duly made.

POLICY REVIEW

Policy shall be reviewed by the board of directors at least once every three years and updated accordingly

AMENDMENTS

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.