



DUROPLY INDUSTRIES LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

(As revised and approved by the Board of Directors on 31.07.2025)

Introduction

This Policy applies to transactions between Duroply Industries Limited (**the "Company"**) and one or more of its Related Parties. It provides a framework for governance and reporting of related party transactions including material transactions in compliance with the provisions of section 188 of the Companies Act, 2013 (**"Act"**) read with the Rules framed there under and Regulation 23 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

Objectives

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The Board of Directors (**the "Board"**) of the Company has adopted the Related Party Transaction Policy (**this "Policy"**) to set forth the procedures under which the transactions with related parties shall be considered for approval/ ratification.

I. Definitions:

"Act" means the Companies Act, 2013, (including any statutory modifications(s) or re-enactments(s) thereof, for the time being in force) read with the rules made there under, as may be amended from time to time.

"Arm's'Length transaction ('A'P')" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Pricing may not be the only determinant of a transaction being at arm's length though it is an important factor. Therefore, the Company would apply judgment to conclude whether a transaction can be considered to be on an arm's length basis. The following has been considered to be helpful in concluding whether a transaction is on an arm's length basis:

- The transaction is as per the prevailing price list / pricing policy / market price / at the same price (or margin) at which entered into with independent third parties
- The transaction is in line with third party quotations / bids
- Taking assistance of an expert – valuation specialist

"Audit Committee" or "Committee" means Committee of Board of Directors of the Company constituted under Section 177 of the Companies Act, 2013 and the Listing Regulation.

"Board" means 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.

"Key Managerial Personnel ('KMP')" mean Key managerial personnel as defined under Section 2(51) of the Act –

- a. the Managing Director or Chief Executive Officer or the Manager;
- b. the Whole-time Director;
- c. the Chief Financial Officer;
- d. the Company Secretary;
- e. such other officers, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- f. such other officer as may be prescribed;

"Listing Regulations" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any subsequent amendments thereof.

For the purpose, **"material modifications"** as defined by the Audit Committee would refer to the following:

"Material modifications" will mean & include any modification to an existing RPT having variance of 20% of the existing limit or Rs.1 Crore whichever is higher, as sanctioned by the Audit Committee/Shareholders, as the case may be.

"Material Related Party Transactions" - 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 10% of the annual consolidated turnover of the Company whichever is lower as per the last audited financial statements as defined under Regulation 23 of the Listing Regulations and the contracts or arrangements given under Companies Act, 2013. Provided that in case of any amendment to the Act or the Listing Regulations, definition of Material Related Party Transactions will be deemed to be changed without any further approval of Audit Committee or Board. Transaction involving payment made to related party with respect to brand usage or royalty, exceeding 5% of annual consolidated turnover of the Company as per the last audited financial statement, shall also be considered as material RPT under Listing Regulations.

"Ordinary course of business" - the term ordinary course of business is not defined under the Act or the Rules thereunder. Therefore, it would depend on facts and circumstances of each case. The Company would therefore exercise judgment to conclude whether a transaction can be considered to be in the ordinary course of business. Examples of transactions that the Company would consider to be in the ordinary course of business would include but not limited to –

- The transaction is approved under its Memorandum and Articles of Association.
- The Company had entered into such transactions over the years in the past for furtherance of its business.
- The transaction is carried out at sufficient frequency.
- The transaction was in furtherance of the business of the Company and is consistent with its business objective of augmenting and acquiring newer capabilities.
- The transaction is undertaken on arm's length basis.

"Related Party" is a party as defined in Section 2(76) of the Companies Act, 2013 read with Rules thereto and clause (zb) of Regulation 2 of the Listing Regulations as amended from time to time.

"Related Party Transaction" or "RPT" means transactions as given under clause (a) to (g) of subsection (1) of Section 188 of the Act and the corresponding Rules thereto and as defined in clause (zc) of Regulation 2 of the Listing Regulations. These include sale, purchase, leasing or supply of goods or property, availing/ rendering of any services, appointment of agents for any of these transactions, underwriting of securities and any transaction(s) involving transfer of resources, services or obligations between the Company or any of its subsidiaries and its related party/ies of the Company or any of its subsidiaries, regardless of whether a price is charged or not.

Such other transaction(s) as may be notified from time to time under the Act or the Listing Regulations.

Provided that the following shall not be a related party transaction:

- 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) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:*
 - i. payment of dividend;*
 - ii. subdivision or consolidation of securities;*
 - iii. issuance of securities by way of a rights issue or a bonus issue; and*
 - iv. buy-back of securities.*
- c) Retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.*

(The above is an indicative list and not an exhaustive one)

"Relative" As per Section 2(77) of the Companies Act, 2013, a person shall be deemed to be the relative of another if he or she is related to another in any one of the following manner:

- a. Member of the Hindu Undivided Family
- b. Spouse
- c. Father (Provided that the term "Father" includes step father)
- d. Mother (Provided that the term "Mother" includes step mother)
- e. Son (Provided that the term "Son" includes step son)
- f. Son's wife
- g. Daughter
- h. Daughter's husband
- i. Brother (Provided that the term "Brother" includes step brother)
- j. Sister (Provided that the term "Sister" includes step sister)

A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Act, the Regulations, and the rules / regulations made thereunder, as the case may be or in any amendment thereto. This Policy shall be subject to such clarifications, informal guidance and FAQs as may be issued by MCA and SEBI from time to time.

POLICY and SOP

All Related Party Transactions shall be referred to the Audit Committee for prior approval, irrespective of its materiality. The Audit Committee shall also approve any subsequent material modification of Related Party Transactions. Chief Financial Officer/Company Secretary will refer Related Party Transactions to Audit Committee for approval, as the case may be, in accordance with this Policy.

II. Identification of Potential Related Party Transactions

Each Director and Key Managerial Personnel are responsible for providing notice to the Board or the Audit Committee of any potential Related Party Transaction(s) involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

Further, the management of the Company will be responsible to inform about the entities/companies which are related parties to the Company, based on the group structure / corporate holdings.

All Directors are required to declare and disclose their concerns or interests in any company or companies or bodies corporate at the first Board Meeting in every financial year and subsequently whenever there is any change in disclosures. In addition, the directors shall ensure that any business transactions entered into between the Company and themselves comply with the terms of this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/the Board has adequate time to obtain and review information about the proposed transaction(s).

The Chief Financial Officer of the Company shall be responsible for identifying related party(ies) as per applicable Accounting Standards and reporting details of such related party(ies) to the Company Secretary.

The Board/the Audit Committee will determine whether the transaction constitutes a Related Party Transaction requiring compliance with this Policy.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the 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.

III. Procedure for approval of Related Party Transactions

i) Review and Approval of Related Party Transaction

All Related Party Transaction(s) shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by circulation or through electronic mode. A member of the Committee who (if) has a potential interest in any Related Party Transaction will not remain present at the meeting or abstain from discussion and voting on such Related Party Transaction and shall not be counted in determining the presence of a quorum when such Transaction is considered.

ii) Approval by Circular Resolution of the Committee

In the event the Company Management determines that it is impractical or undesirable to wait until a meeting of the Committee to enter into a Related Party Transaction, such transaction may be approved by the Committee by way of circular resolution in accordance with this Policy and statutory provisions for the time being in force. Any such approval must be ratified by the Committee at its next scheduled meeting.

iii) Approval of the Audit Committee

A. In summary, prior approval of Audit Committee is required for the following Related Party Transactions (including subsequent material modifications thereof):

1. Where Company is a party
2. Where subsidiary of the Company is a party but the Company is not a party, 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 Company.
3. Where subsidiary of the Company is a party but the Company is not a party, 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;
4. Transaction of the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the Related parties of the Company or any of its subsidiaries.

B. The Audit Committee will consider the factors and information, among others, to the extent relevant to the proposed Related Party Transaction(s) while granting its approval read with Regulation 23 of SEBI (LODR) Regulations, 2015 and Industry Standards, as amended from time to time.

C. Any member of the Audit Committee who has a potential interest in any related party transaction will abstain from discussion and voting on the approval of the related party transaction.

D. Only those members of the Audit Committee, who are Independent Directors, shall approve Related Party Transactions.

Omnibus Approval

- The Audit Committee may specify the criteria for granting the omnibus approval after obtaining due approval from the Board, including the following:
 - a) Repetitiveness of the transactions (in past or in future)
 - b) Justification for the need of omnibus approval.
 - c) Such other information as may be prescribed under the Act and the Listing Regulations.
- The Audit Committee may grant omnibus approval for such related party transactions which are unforeseen and repetitive in nature provided, the validity of such transaction is up to one year and the value does not exceed Rs.1 Crore per transaction. While granting the approval, in addition to the criteria given hereinbefore, the Audit Committee shall satisfy itself of the need for the omnibus approval and that the same is in the interest of the Company. The omnibus approval shall specify the following:
 - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - b. the indicative base price/current contracted price and the formula for variation in the price if any;
 - c. minimum information about the RPTs as per the provisions of the Industry Standards and
 - d. such other conditions as the Audit Committee may deem fit.
- The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given

If the Audit Committee determines that a Related Party Transaction should be referred to the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for the Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

While assessing a proposal put up before the Audit Committee/the Board for approval, the Audit Committee/ the 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:

- a. Nature of the transaction i.e. details of goods or property to be acquired/transferred or services to be rendered/availed – including description of functions to be performed, risks to be assumed and assets to be employed under the proposed transactions;
- b. Key terms (such as price and other commercial compensation contemplated under the arrangement) of the proposed transaction, including value and quantum;
- c. Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction;
- d. Special terms covered/to be covered in separate letters or undertakings or any other special or sub arrangement forming part of a composite transaction;
- e. Benchmarking information that may have a bearing on the arm's length basis analysis, such as:

- market analysis, research report, industry trends, business strategies, financial forecasts, etc.;
- third party comparables, valuation reports, price publications including stock exchange and commodity market quotations;
- management assessment of pricing terms and business justification for the proposed transaction;
- Comparative analysis, if any, of other such transaction entered into by the company.

No approval of Audit Committee of the Company is required in the following cases:

- a. Payment of remuneration and sitting fees paid by the Company or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, provided that the same is not Material Related Party Transaction
- b. Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between the Company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

iv) 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 and are 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:

- 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;
- 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;
- Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.
- If prior approval of the Board has not been taken, then such transaction needs to be ratified within 3 months of the date of entering into contract/ arrangement.

v) Approval of the Shareholders of the Company

- **All Material Related Party Transactions (including subsequent material modifications thereof)** shall require prior approval of the Shareholders of the Company through ordinary resolution and the Related Parties shall not vote to approve such resolutions, irrespective of whether they are a related party to the particular transaction or not.
- **Related Party Transactions which are not in ordinary course of Business or not at Arm's Length basis and which exceeds the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014** shall require the prior

approval of the shareholders through ordinary resolutions and the Related Parties shall abstain from voting on such resolution.

- The Notice and the Explanatory Statement sent to the shareholders seeking approval for proposed Related Party Transaction shall contain such information as may be prescribed under the Act and the Listing Regulations.

vi) Related Party Transactions not previously approved

- If prior approval of the Audit Committee / Board / Shareholders for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board /Shareholders, if required as per specified timelines.
- In any case where either the Audit Committee /Board / Shareholders determine not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee or Board or the Shareholders, as appropriate and applicable, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Audit Committee / Board has authority to modify or waive any procedural requirements of this Policy.
- The ratification by the Audit Committee shall be subject to following conditions:
 - a. Only the members of the Audit Committee, who are independent directors, may ratify related party transactions;
 - b. Ratification shall be done within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier;
 - c. 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 Rs. 1 crore;
 - d. The said transaction does not fall under the category of Material Related Party Transactions under this Policy;
 - e. Rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
 - f. The details of ratification shall be disclosed along with the disclosures of related party transactions to the stock exchange(s) in the format as specified by SEBI from time to time and publish the same on the website of the Company.
- In cases where a transaction is not 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 or such other time period as may be allowed under Applicable Laws,, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- In case the transaction could not be ratified within the timelines as above, or where the amount involved in the transaction exceeds the limits as above, the Audit Committee, having regard to the factors due to which the transaction could not be ratified, may take such action as considered appropriate, including, adoption, revision or termination of such Related Party Transaction.

- No director or Key Managerial Personnel shall participate in any discussion or approval of a Related Party Transaction for which he or she is a Related Party, except that the director / Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit Committee / Board.

IV. Limitation

In the event of any conflict between the provisions of the Policy and of the Listing Regulations/Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations/Companies Act, 2013 or statutory enactments, rules shall prevail over this policy.

V. Register and Disclosures

Registers

The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements covered under Section 188 of the Companies Act, 2013 and such register is placed before the meeting of the Board of directors and taken note of.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained.

Disclosures

The Company shall make the following disclosures:

- a. This Policy will be uploaded on the website of the Company and a reference thereto will be made in the Financial Statements and the Board's Report to the Shareholders.
- b. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, for review of the Audit Committee while seeking prior approval of the RPTs
- c. The Company shall place all the information, as specified in Industry Standards read with the provisions of SEBI Listing Regulations, Companies Act, 2013 as well as additional information specified by SEBI from time to time, in the Statement to the notice being sent to shareholders seeking their approval for proposed RPTs as applicable.
- d. Adequate disclosures shall be made in the Financial Statements as per applicable accounting standards and also to the concerned Stock Exchanges as per applicable provisions of the Listing Regulations.

VI. Dissemination of Policy

This Policy or the important provisions of this policy shall be disseminated to all the functional and operational heads and other concerned persons of the Company.

VII. Applicability & Amendment

Any Changes to the policy on account of regulatory requirements will be reviewed and approved by the Audit Committee or the Board or Chief Financial Officer of the Company subject to approval of Audit Committee. The Audit Committee/ the Board will give suitable directions/ guidelines to implement the same. The Policy shall be reviewed by the Audit Committee and the Board every three years.

In the event, any provisions contained in this Policy is inconsistent with the provisions contained in the Listing Regulations, the Companies Act, 2013 or Accounting Standards, etc. or any amendments thereto, (Regulatory Acts), the provisions contained in the Regulatory Acts will prevail.

Version	Change	Approval Date
1.0	New Release	February 06, 2015
2.0	Amendment	February 12, 2019
3.0	Amendment	May 30, 2022
4.0	Amendment	July 31, 2025
