

**DUNCANS INDUSTRIES LIMITED (DIL)**

**CIN : L28113WB1994PLC063452**

**Policy on Related Party Transactions**

**Preamble**

Pursuant to Clause 49 of the Listing Agreement vide SEBI Circular No. CIR/CFD/Policy Cell/2/2014 dated 17<sup>th</sup> April 2014 and subsequent amendment vide Circular No. CIR/CFD/Policy Cell/7/2014 dated 15<sup>th</sup> September 2014 it is mandatory for all listed companies to formulate a policy on materiality and dealing with **Related Party Transactions (RPTs)** with effect from 1<sup>st</sup> October, 2014.

This policy of the Company has been framed in line with the aforementioned requirements.

The Board of Directors of the Company at its meeting held on 18<sup>th</sup> November, 2014 approved and adopted this policy. The policy shall be disclosed on the Company's website and the weblink to the same shall be provided in the Annual Report of the Company.

**1. Definition :**

**"Audit Committee" or "Committee"** means the Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement.

**"Board"** means the Board of Directors of Duncans Industries Limited (DIL).

**"DIL" and "Company"** shall mean Duncans Industries Limited wherever it is referred to in the policy.

**"Control"** shall have same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

**"Director"** shall mean the Directors of DIL.

**"Key Managerial Personnel"** shall mean key managerial personnel in relation to DIL as defined in the Companies Act, 2013.

**"Policy"** shall mean the policy on Related Party Transactions of DIL.

**"Related Party"** shall mean Related Party as defined in Clause 49 of the Listing Agreement as follows –

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.

**"Related Party Transaction"** shall mean any transfer of resources, services or obligations between a company and a related party regardless of whether a price is charged.

**"Relative"** means relative as defined in the Companies Act, 2013 and includes any one who is related to another, if they are –

- (i) members of a Hindu Undivided Family ;
- (ii) husband and wife;
- (iii) father (including step father) ;
- (iv) mother (including step mother) ;
- (v) son (including step son) ;
- (vi) son's wife ;
- (vii) daughter ;

- (viii) daughter's husband ;
- (ix) brother (including step brother) ;
- (x) sister (including step sister).

**"Shareholders "** shall mean shareholders of DIL.

**"Special Resolution"** shall mean a resolution in which the vote cast in favour of the resolution on show of hands or electronically or on poll, as the case may be, by members who being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of votes, if any, cast against the resolution by members so entitled and voting.

## **2. Materiality of Related Party Transactions :**

Any 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 ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## **3 Dealing with Related Party Transactions :**

### **(a) Identification of Related Party Transactions -**

It shall be the responsibility of the Directors and Key Managerial Personnel to provide to the Company notice of their interest in any transaction proposed to be entered into by the Company in which they are directly or indirectly interested and abstain from voting in the meeting of the Board and as the case may be at the meeting of the Shareholders in which the transaction is proposed to be entered into.

**(b) Audit Committee approval :**

All Related Party Transactions, irrespective of whether they are material or not shall be entered into only after prior approval of the Audit Committee is obtained.

Provided that the base requirement shall not be applicable for transactions entered into by DIL with its wholly owned subsidiaries.

In case any member of the Committee is interested in the transactions proposed for approval, the interested member shall abstain from voting and only dis-interested member shall vote on the resolution.

For the purpose of approval, the Company shall provide the Audit Committee with the following details in order to enable it to take a learned decision –

- i) The name of the Related Party and nature of relationship ;
- ii) The nature, duration and particulars of contract or arrangement in case the same have been finalized ;
- iii) The material term of the contract or arrangement, including value, if any. If the same are not arrived at as on the date of tabling of the transaction, the estimated/projected value ;
- iv) Any other data, depending on the transaction which would be relevant or important for the Committee to take a decision.

**4. Omnibus approval by the Audit Committee :**

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

- a) Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy and such approval shall be applicable in respect of transactions which are repetitive in nature ;
- b) Audit Committee shall satisfy itself of the need for such omnibus approval and that such approval is in the best 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 may be entered into ;
  - ii) an indicative base price/ current contracted price and the formula for variation in the price, if any ;
  - iii) such other condition as the Audit Committee may deem fit.

Provided that where the need for Related Party Transactions cannot be foreseen and the 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.

- d) Audit Committee shall review at least on a quarterly basis details of Related Party Transactions entered into by the Company, pursuant to each of the omnibus approval given.
- e) Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

**5. Approval of the Shareholders :**

All material Related Party Transactions except those entered into by DIL with its wholly owned subsidiaries, shall be entered into only after approval by the Shareholders through a Special Resolution in which the interested related party Shareholders would not be eligible to vote.

In order to assist the Shareholders to take a decision, the notice calling the general meeting shall have necessary details in the explanatory statement annexed to the resolution.

Any other data depending on the transaction, which would be relevant or important shall be given in the explanatory statement.

**6. Review of Related Party Transactions -**

All Related Party Transactions shall be reviewed on a periodical basis by the Audit Committee and the Company shall provide details of all such transactions to the Committee at its meeting at least once in every quarter.

**7. Omission of prior approval of the Committee -**

In the event of a case where Related Party Transaction /s have been entered into without the prior approval of the Audit Committee, it shall be the prerogative of the Committee to :

- i) call for all the details relevant to the transaction ;
- ii) consider and examine all the facts and circumstances with respect to the case ; and
- iii) try and establish the reasons for omission.

Once the Committee is satisfied with the facts and data produced before it, it shall then consider ratification or termination of the transactions as it may deem appropriate.

**8. Authority to make amendments -**

Audit Committee shall have the right to make recommendations to the Board with regard to any amendment in the policy and the Board shall have the power to make any amendment to the policy as it deems fit from time to time, provided that the policy continues to be in line with the requirements of Clause 49 of the Listing Agreement and all other applicable laws for the time being in force.