

DUKE COMMERCE LIMITED
Related Party Transaction Policy

Introduction

The Board of Directors (the "Board") of Duke Commerce Limited (the "Company"), has adopted the following policy keeping in mind the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), and the Companies Act, 2013, as amended from time to time, with regard to Related Party Transactions.

Audit Committee has recommended this policy. Based on their recommendation, this policy has been adopted by the Board of Directors of the Company.

Reason behind formulating policy

From 1st April, 2022 SEBI has mandated every listed Company to frame a policy on Related Party Transactions. This policy is framed as per the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and in terms of Section 188 of the Companies Act, 2013, and is intended to ensure for proper approval and reporting of transactions between the Company and its Related Parties. The transactions with related parties shall be entered into only if they are in the best interest of the Company and its shareholders. Provisions of the Section 188(2) of the Companies Act, 2013 requires that Board's Report of the Company shall contain all the particulars of the contracts or arrangements entered with related parties.

Disclosure of Related Party Transaction

Listing Regulations requires the Company to disclose the policy on dealing with Related Party Transactions in the format specified in the relevant accounting standards, on half-yearly basis to the Stock Exchanges and the same to be upload on the website of the Company.

Every Contract or arrangement, which require Board or Shareholder's approval under this policy, shall be referred to in the Board's report to the shareholders along with the reason or explanation for entering into such transaction.

Definitions

"Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

- **Significant Influence:** - means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.
- **Joint venture:** - means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the Net assets of the arrangement.

"Audit Committee or Committee" means Committee of Board of Directors of the Company

"Board" means Board of Directors of the Company

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 2011.

“Key Managerial Personnel” 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;
- (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) Such other officer as may be prescribed.

“Material Modification” mean 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.

“Material Related Party Transaction” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company whichever is lower.

A transaction involving payments made to related party with respect to brand usage or royalty shall be considered material, if transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

“Policy” means Related Party Transaction Policy.

“Related Party” means a

a) related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 “Related party”, with reference to a company, means—

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) A public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- (vi) Any Body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) Any Body Corporate which is— (A) a holding, subsidiary or an associate company of such company; (B) a subsidiary of a holding company to which it is also a subsidiary; or C) an investing Company or the venturer of the Company
Explanation. For the purpose of this clause, “the investing company or the venturer of the company” means a body corporate whose investment in the company would result in the Company becoming associate company of the body corporate.
- (ix) Director (other than Independent Director) or key managerial personnel of the holding company or his relative with reference to a Company, shall be deemed to be Related Party.

b. Such entity is a related party under the applicable Accounting standards

c. Such other person or entity belonging to the promoter or promoter group of the Company or any person or any entity, holding equity shares of 20% or more (10 % or more, with effect from April 01, 2023) of shareholding in the Company, either directly or on a beneficial interest basis as provided under Section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family ;
- ii. They are husband and wife ; or
- 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)

Transactions covered under this policy

Following transactions entered with a Related Party are considered as Related Party Transactions:

Nature of Related Party Transaction	Limit
(a) Sale, purchase or supply of any goods or materials	Exceeding 25% of Annual Turnover
(b) Selling or otherwise disposing of, or buying property of any kind	Exceeding 10% of Net Worth
(c) Leasing property of any kind	Exceeding 10% of the net worth
(d) Availing or rendering of any services	Exceeding 10% of the net worth
(e) Appointment of any agent for purchase or sale of goods, materials, services or property	As per the Rule
(f) Related Party's appointment to any office or place of profit in the Company, its subsidiary company or associate company	At a monthly remuneration exceeding two and half lakh rupees
(g) Underwriting the subscription of any securities or derivatives thereof	Exceeding 1% of the Net Worth

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 by the listed entity 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) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

RTP Policy

All Related Party Transactions must be reported to the Audit Committee and referred for approval of the Committee in accordance with this Policy.

All Related Party Transactions shall be placed before the Board for information. The approval of the Board and shareholders will be taken for all related party transactions, wherever required, under the regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and provisions of the Companies Act, 2013 as amended from time to time.

Identification of Potential Related Party Transactions:

Each director and Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential Related Party Transaction involving him/her or his/her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The Finance Department shall look after that no related party transactions are processed without the prior approval of the Audit Committee and it shall be duty of the Finance

Department to communicate all the said transactions in advance to the Company Secretary to enable to take requisite approvals.

- a) The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.
- b) a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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;
- c) With effect from April 1, 2023, a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company, 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;
- d) Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI LODR are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (e) above, the prior approval of the audit committee of the listed subsidiary shall suffice.

Prohibitions related to Related Party Transactions

All Related Party Transactions and subsequent material modifications shall require prior approval of Audit Committee of the Company. 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 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. The 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, 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.
- f. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- g. The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and /or listing obligations and disclosure requirements and /or transactions referred to it by the Audit Committee.
- h. All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolution. Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the Company is not a party. For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.
- i. All Related Party Transactions (other than Material Related Party Transactions) pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through Ordinary resolution. No Related Party shall vote to approve such resolution.
- j. The approval mechanism for Related Party Transactions shall be as stipulated in the Listing Regulations and/or Companies Act, 2013 and as amended from time to time

Review and Approval of Related Party Transactions

The Related Party Transactions and subsequent material modifications under omnibus approval granted by audit Committee of the Company will be referred to the next regularly scheduled meeting of Audit Committee for review and approval.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the terms of the Contract, and any other relevant matters.

In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- Whether the terms of the Related Party Transaction are fair and on arm's length basis to the Company and the terms would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would affect the independence of an independent director;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, Managing Director/Whole time Director or other Related Party, the direct or indirect nature of the director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- i. Any transaction that involves the providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- iii. Any transaction that involves reimbursement of expenses between the related parties through debit note/credit note at actuals without any markup except for taxes that may be levied as per statutory requirements.

- iv Transactions entered into between a holding company and its wholly owned subsidiary company whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- v Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

Disclosure of Related Party Transaction Policy

The related party transactions on a consolidated basis shall be disclosed to the

- Stock Exchanges and
- to be published on website of the Company,

Within 15 days from the date of publication of financial results for every half year.

Amendments:

The Audit committee will review the Policy from time to time based on the related party transactions and make suitable modifications, as may be necessary. The Audit Committee shall have the sole powers and take necessary action in case of any difficulty in implementing this policy.

Conflict of law clause:

Any provision in this policy, in so far as it is inconsistent or contradictory with the provisions of law and/or any statutory enactments shall, to the extent of such inconsistency, be void and the provisions of law/statutory enactment shall prevail.