

DURLAX TOP SURFACE LIMITED

POLICY ON RELATED PARTY TRANSACTION

I. INTRODUCTION:

The Company recognizes that Related Party Transactions can present potential or actual conflicts of interest and may raise questions about whether such transactions are fair and on arm's length basis.

The Company has been in compliance with various laws and regulations in this regard so far and ensured that such transactions are in the best interest of the company and shareholders.

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations from time to time ("Listing Regulations") have laid down certain requirements to be fulfilled in case of Related Party Transactions. Additionally, the Listing Regulations stipulate that the Company is required to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

The Company therefore formulate a robust Related Party Transaction Policy dealing with the identification, review and approval of Related Party Transactions to ensure that all such transactions are in the best interest of the Company and its shareholders.

II. APPLICABILITY:

The Policy shall be applicable to all Related Party Transactions to be entered into w.e.f. **01st April, 2025**.

III. SCOPE AND PURPOSE:

This Policy is applicable to all Related Party Transactions as per Companies Act, 2013, Listing Regulations and Accounting Standard applicable to the Company.

The objective of this policy is to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders. This Policy deals with materiality threshold, process of identification, disclosures and the manner of dealing Transactions with Related Party by the Company keeping in view the provisions of the Act read with the rules made thereunder and LODR.

IV. DEFINITIONS:

I. "Act" shall mean the Companies Act 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re- enactment thereof.

II. "Arm's 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.



- III. **“Audit Committee”** means Audit Committee constituted by the Board, from time to time, under Section 177 of the Companies Act and the Listing Regulations.
- IV. **“Board of Directors”** or **“Board”** means the board of directors of the Company, as constituted from time to time.
- V. **“Company”** means Durlax Top Surface Limited.
- VI. **“Key Managerial Personnel”** means the Managing Director, the Company Secretary, the Chief Financial Officer and such other officers/employees of the Company as defined in section 2(51) of the Companies Act
- VII. **“Material Related Party Transaction”** means a transaction with a Related Party where the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.50 crores or Ten percent of the annual turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- VIII. **“Material modification”** includes an alteration made to an instrument that adds or deletes any provision or changes the rights and obligations of any party which affect the materiality of transaction as per definition prescribed by SEBI and such as terms as may be decided by Audit Committee from time to time.
- IX. **“Policy”** means this Related Party Transaction Policy of the Company.
- X. **“Relative”** mean relative as defined in section 2 (77) of the Companies Act, 2013 and rules prescribed there under.
- XI. **“Related Party”** means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards and includes;
- (a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
 - (b) any person or any entity, holding of ten per cent (10%) or more, equity shares:
- In the listed entity 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.
- XII. **“Related Party Transaction”** means the transaction means a transaction involving a transfer of resources, services or obligation, irrespective of whether a price is charged or not and included a single transaction or a group of transactions in a contract, 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, with effect from 01st April, 2025.

V. Identification of Related Parties:

- a) Each Director and Key Management Personnel shall disclose in Form MBP-1, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made, about all the persons, entities in which he or she is interested, whether directly or indirectly.
- b) Each director and Key Management Personnel shall provide declaration, at the time of appointment, beginning of every financial year and whenever there is any change in the disclosure so made of:
- its relatives
 - firms in which such Director/ Manager or his relative is a partner
 - private Companies in which a Director or Manager or his relative is a member or director
 - public companies in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid-up share capital

VI. Identification of Related Party Transactions

- a) Each Director and Key Managerial Personnel who is a related party with respect to a particular related party transaction shall disclose all material information to the Committee / Board concerning such Related Party Transaction and his or her interest in such transaction.
- b) The Committee / Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction. Committee / Board will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.
- c) All domestic related party contracts / arrangements shall, wherever applicable, comply with Domestic Transfer Pricing Requirement under section 92BA of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.
- d) All international related party contract / arrangements shall comply with International Transfer Pricing Requirement under section 92B of Income Tax Act, 1961 including certification from independent accountants under the Transfer Pricing Regulations.



VII. APPROVAL PROCESS

1. Audit Committee

All related party transactions and subsequent material modifications shall require prior approval of the audit committee and only those members of the audit committee, who are independent directors, shall approve related party transactions;

Related party transactions with the subsidiary-

- a. A Related Party Transaction to which the subsidiary 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 (10%) of the annual consolidated turnover, as per the last audited financial statements of the Company;
- b. with effect from 01st April, 2025, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity 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;

Prior approval of the audit committee 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 these regulations are applicable to such listed subsidiary.

For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

The Company shall provide to the Committee all relevant material information of all Related Party Transaction(s) as under:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary,

such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);



- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
- i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant.

After reviewing the proposed related party transactions, the audit committee shall approve or disapprove such RPT.

2. Board of Directors

All Related Party Transaction(s) other than transactions entered into in the ordinary course of business and on arm's length basis, shall be approved by the Board at a meeting of the Board of Directors.

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.

3. Shareholders

All Related Party Transactions in excess of the limits prescribed under the Companies Act, 2013, and the Listing Regulations, as may be applicable, which are not in the ordinary course of business or not an Arms' length transaction shall also require the prior approval of the shareholders through special resolution and no member of the Company shall vote on such special resolution, if such member is a related party.

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 resolutions whether the entity is a related party to the particular transaction or not.

Prior approval of the shareholders 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 these regulations are applicable to such listed subsidiary.

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.

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee;
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Details of transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary as provided to audit committee.
- d. A statement that the valuation or other external report, if any, relied upon by the company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

VIII. Omnibus approval

- a) The Audit Committee may, in the best interests of the Company and to ensure smooth operations, grant omnibus approval for Related Party Transactions, proposed to be entered into by the Company which are repetitive in nature and which are routine and incidental to the general operations of the Company, subject to such criteria/conditions as it may deem fit further taking into account the justification for needing an omnibus approval. Such approval shall be valid for a period not exceeding one year and shall specify the following:

- i. The name(s) of the Related Party;
- ii. The nature of the transaction, period of transaction, maximum amount of transaction that can be entered into &
- iii. The indicative base price/current contract price and the formula for variation in the price, if any.

b) The Audit Committee may specify any additional conditions for such determination, as it may deem fit.

c) The Audit Committee may also grant omnibus approval, without the above details, for unforeseen transaction subject to a value not exceeding Rs.1 crore per transaction.

The Audit Committee shall review the details of Related Party Transactions entered into by the Company pursuant to such omnibus approvals, on a quarterly basis.

IX. Exemption to Related Party Transaction

1. Issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.



2. 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.
3. 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;
4. Reimbursement of expenses incurred in the course of routine business operations, including repairs, maintenance, travel, etc., at actuals.

X. Disclosure

- i. Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on corporate governance;
- ii. The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website; Provided further that the company shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2025.
- iii. The Company shall disclose the policy on dealing with Related Party Transactions on its website and provide a web link of the same in the Annual Report.

XI. Policy review

The Board may, subject to applicable laws, amend, suspend or rescind this Policy at any time and in any case, the Policy shall be reviewed by the Board at least once every three years and updated accordingly.

In the event of any conflict between the provisions of this Policy and of the applicable law(s) dealing with the Related Party Transactions, such applicable law(s) as may be in force from time to time shall prevail over this Policy. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

