

Ramkrishna Forgings Limited

POLICY FOR TRANSACTIONS WITH RELATED PARTIES

Objective

The Board of Directors (the “Board”) of Ramkrishna Forgings Limited (the “Company” or “RKFL”), has adopted this Policy on Related Party Transactions as required in terms of Clause 49(VII) of the Listing Agreement and also to comply with the provisions of Section 188 of the Companies Act, 2013 (the “Act”).

This Policy shall regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company and also lay down mechanism for identification, approval, review and reporting of such transactions.

The Policy on Related Party Transactions may be amended at any time and is subject to changes in the Listing Agreement and/or the Act or rules/regulations made thereunder.

1. Definitions

“Audit Committee” means the committee comprising certain Directors of the Company constituted under provisions of the Listing agreement as well as the Act.

“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 key managerial personnel as defined under the Act.

“Material Related Party Transaction” means a transaction with a Related Party which individually or taken together with previous transactions during the financial year, exceeds the stricter of the limits as may be prescribed, either in the Act or the Listing Agreement, and requires specific approval from the shareholders.

“Policy” means this policy on Related Party Transactions.

“Related Party(ies)” means a related party as defined under the Act or under Clause 49 of the Listing Agreement as amended from time to time.

“Related Party Transaction” ‘shall mean such transactions as specified under Section 188 of the Act or rules made thereunder and Clause 49 of the Listing Agreement including any amendment or modification thereof, as may be applicable .

“Relative” means relative as defined under section 2(77) of the Act and Rules made thereunder.

“Arms 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.

2. **Policy**

All Related Party Transactions must be identified and reported first to the Audit Committee. Subsequently, these Related Party Transactions must and also be reported to Directors and shareholders, wherever necessary, for their approval. The said transactions shall be disclosed in accordance with the requirements of the Act and the Listing Agreement.

4.1 Identification of Potential Related Party transactions

Each Director and Key Managerial Personnel is responsible for providing notice of disclosure of interest under section 184 of the Act along with list of relatives to the Company. The Company shall ensure that no transaction is entered into with any entity/individual disclosed by the director/ KMP or any other related party without necessary approvals.

4.2 Procedure to be adopted for Related Party Transactions

APPROVAL OF AUDIT COMMITTEE

All Related Party Transactions shall require prior approval of the Audit Committee.

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 laydown the criteria for granting 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 the following:
 - Name(s) of the Related Party;
 - Nature of the transaction;
 - Period of transaction;
 - Maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
 - Such other conditions as the Audit Committee may deem fit.

- d. In such cases where the need for Related Party Transaction cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1.00 crore per transaction;
- e. The Audit committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given;
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

APPROVAL OF BOARD OF DIRECTORS

All the Related Party Transactions under section 188 of the Companies Act 2013 shall be approved by the Board of Directors of the Company, however this provision will not apply to the transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

All the Material Related Party Transactions as per Listing Agreement shall be approved by the Board of Directors of the Company.

APPROVAL OF SHAREHOLDERS

All material related party transactions as required shall be approved by the Shareholders through a special resolution and all "related parties" as may be required by the Companies Act, 2013 or by the Listing Agreement (including amendments thereto) in this regard, shall abstain from voting for such resolution.

4.3 Factors to be considered while granting approval to Related Party Transactions

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

- a. Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- b. 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;
- c. Whether the Related Party Transaction would affect the independence of an independent director;
- d. Whether the transaction qualifies to be a transaction in ordinary course of business;
- e. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- f. 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 terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the 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.

4.4 Review & monitoring of Related Party Transactions:

The Audit Committee may review and monitor a Related Party Transaction taking into account the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the requirements of the Companies Act, 2013 and Listing Agreement and compliance with Point no.4.4 of the policy.

4.5 Following transactions not to be considered as Related Party Transactions:

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

- a. 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 or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- b. 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.

5. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy 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 the options available to the Committee /Company.

The Committee shall also examine the facts and circumstances pertaining to the failure of reporting of such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

6. Existing Related Party Transactions:

This policy shall operate prospectively and all the agreements which have been entered into before the effective date of this policy shall not require approval under this Policy. However, the procedure under clause 4.2 above is to be followed in case of any material related party transactions which has been already approved and is likely to continue to be operational beyond March 2015.

This Policy will be communicated to all Directors, KMPs, operational employees and other concerned persons of the Company and the definition / provisions of the policy herein shall be deemed to have been amended to the extent of any alterations in laws/ statutes by virtue of an amendment.