

## **Ramkrishna Forgings Limited**

### **POLICY FOR TRANSACTIONS WITH RELATED PARTIES**

(As amended in the Board Meeting dated 25<sup>th</sup> May 2019)

#### **Objective**

The Board of Directors (the “Board”) of Ramkrishna Forgings Limited (the “Company” or “RKFL”), had originally adopted this Policy on Related Party Transactions (the “Policy”), as required in terms of Clause 49(VII) of the erstwhile Listing Agreement and also to comply with the provisions of Section 188 of the Companies Act, 2013 (the “Act”) in its meeting held on 31st January 2015. However, pursuant to Regulation 23 (1) of SEBI (LODR) Regulations, changes as per the Companies (Amendment) Act, 2015, insertion of Rule 6A of The Companies (Meetings of Board and its Powers) Rules, 2014 vide The Companies (Meeting of Board and its Powers) Second Amendment Rules, 2015 and in the light of its impact on the compliance and disclosures pertaining to Related Party Transactions, the Policy was amended by the Board of Directors of the Company at its meeting held on 11th February 2017.

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

This Policy shall become effective from the date of its adoption by the Board. This Policy may be amended, pursuant to the recommendation of the Audit Committee and subject to the approval of the Board and shall in any case be deemed to have been amended in case of any amendments to the SEBI (LODR) Regulations and/or the Act to the extent such amendments are stricter than the existing policy.

#### **1. Definitions**

“**Audit Committee**” means the committee comprising certain Directors of the Company constituted under provisions of the Act and the SEBI (LODR) Regulations.

“**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 and the Act.

**“Key Managerial Personnel”** means key managerial personnel as defined under the Act.

**“Material Related Party Transaction”** means a Related Party Transaction 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 SEBI (LODR) Regulations, 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 and under Regulation 2(1)(zb) of SEBI (LODR) Regulations, as amended from time to time.

**“Related Party Transaction”** shall mean such transactions having thresholds as specified under Section 188 of the Act or rules made thereunder and under Regulation 2(1)(zc) of SEBI (LODR) Regulations 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 SEBI (LODR) Regulations.

## **3. 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. 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.

#### **APPROVAL OF SHAREHOLDERS**

All Material Related Party Transactions shall be approved by the Shareholders through an Ordinary resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

#### **5. 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.

**6. 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, SEBI (LODR) Regulations and compliance with Point no.4.4 of the Policy.

**7. 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.

## **8. 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.

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.

## **9. REVIEW OF POLICY**

The Policy shall be reviewed by the Board atleast once in every 3 years or at any time as may deem fit by the Board whichever is earlier.