

RAJKUMAR FORGE LIMITED

POLICIES AND PROCEDURE		
Approved By: Board of Directors	RELATED PARTY TRANSACTIONS	Approved in Board meeting Dated : 03 June 2021
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Supersedes Version No: 00		Date of last review: 03 June, 2021 Date of next review: As and when required
RELATED PARTY TRANSACTIONS POLICY		

SCOPE AND PURPOSE OF THE POLICY

- Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 (“Act”) read with the Rules framed there under and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation 23”), Rajkumar Forge Limited (“Company”) has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.
- Also, Regulation 23(1) of the SEBI Listing Regulations requires the Company to formulate a policy on dealing with related party transactions. In the light of the above, the Company has framed this Policy on Related Party Transactions (“Policy”).
- A 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. Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the 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 Company as per the last audited financial statements of the Company.

- Accordingly This Policy has been adopted by the Board of Directors (“the Board”) of the Rajkumar Forge Limited (“the Company”) based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy and its threshold limits, as and when required, subject to adoption by the Board.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of related party transactions, in terms of the applicable laws. This Policy shall supplement the Company’s other policies in force that may be applicable to or involve transactions with related persons.

DEFINITIONS

“**Act**” means the Companies Act, 2013 and includes any amendment thereof.

“**Company**” means Rajkumar Forge Limited.

“**Regulation 23**” means the Regulation no. 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

All capitalized terms used in this Policy but not defined herein shall have the meaning assigned to such term in the Act and the Rules thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), as amended from time to time.

MANNER OF DEALING WITH RPT

- ***Identification of Related Parties***

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Regulation 2(1)(zb) of the SEBI Listing Regulations.

- ***Identification of Related Party Transactions***

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the SEBI Listing

Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company will seek external expert opinion, if necessary.

- ***Non- applicability of the provisions of related party transactions:-***
 - The provisions of Related Party Transactions shall not be applicable to the transactions which are in the ordinary course of business and which are carried on at arms' length basis.
 - The transactions between the Company and its wholly owned subsidiary company whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for their approval.
 - The transactions which are exempted specifically by Act, Rules or Regulation which shall be prevailing during the execution of transaction.

- **Procedure for approval Of RPT**
 - ***Approval of the Audit Committee***
 - A. All transactions which are identified as Related Party Transaction should be have prior approval of the Audit Committee before entering into such transaction. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliances with the following conditions:
 - a. The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy and such approval which shall include the following namely:
 - i. maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year;
 - ii. the maximum value per transaction which can be allowed;
 - iii. extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
 - iv. review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each omnibus approval made;
 - v. transactions which cannot be subject to the omnibus approval by the Audit Committee.
 - b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - i. repetitiveness of the transactions (in past or in future);
 - ii. Justification for the need of omnibus approval.

subject to such criteria/conditions as mentioned under Regulation 23(3) of the Listing Regulations

- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company;
- d. The omnibus approval shall provide details of:
 - i. the name/s of the related party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into,
 - ii. basis of arriving at 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 transactions cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding rupees 1 crore per transaction or rupees 25 Crores in aggregate of all transactions with one related party taken together during any financial year.

- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of related party transactions transacted into by the company pursuant to the omnibus approval given;
- f. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after expiry of such one year.
- g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company or any other conditions as the Audit Committee may deem fit.
- h. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party transaction.
- i. A Related Party Transaction which is (i) not in the ordinary course of business, or (ii) not at arm's length price, would require approval of the Board or of shareholders as discussed subsequently.
- j. A Related Party Transaction entered into by the Company, which is not under the omnibus approval or otherwise pre-approved by the Audit Committee, will be placed before the Audit Committee for ratification.
- k. Transaction of following nature will not be subject to the omnibus approval of the Audit Committee:
 - i. Transactions which are not at arm's length or not in the ordinary course of business;
 - ii. Transactions which are not repetitive in nature;

- iii. Transactions exceeding materiality thresholds as laid down in Annexure I of the Policy;
- iv. Transactions in respect of selling or disposing of the undertaking of the company;
- v. Financial Transactions eg. Loan to related parties, Inter Corporate Deposits, subscriptions to bond, debenture or preference shares issued by the related parties, corporate guarantee given/received from related parties;
- vi. Any other transaction the Audit Committee may deem not fit for omnibus approval.

➤ ***Approval of the Board of Directors of the Company***

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business or not at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- i. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. exceeding value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- iii. Transactions which are in the ordinary course of business and at arm's length basis, but which as per Audit Committee requires Board approval;
- iv. Transactions meeting the materiality thresholds laid down in Annexure I of the Policy, which are intended to be placed before the shareholders for approval.

➤ ***Approval of the Shareholders of the Company***

All the transactions with related parties exceeding the materiality thresholds, laid down in Annexure I of the Policy, are placed before the shareholders for approval. For this purpose, all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular

transaction or not. In addition to the above, all kinds of transactions specified under Section 188 of the Act which

- i. are not at Arm's Length or not in the ordinary course of business; and
 - ii. exceed the thresholds laid down in Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time; are placed before the shareholders for its approval.
- 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 Company would obtain post facto approval from the Audit Committee, the Board and/or shareholders as required under applicable laws/ regulations. In case the Company is not able to take such prior approval from the Audit Committee, the Board and/or shareholders, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as post facto approval is obtained as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

DISCLOSURES

- **Register:** The Company shall keep and maintain a register, maintained physically or electronically, as may be decided by the Board of Directors, giving separately the particulars of all contracts or arrangements to which this policy applies and such register is placed/taken note of before the meeting of the Board of directors.

Every director or key managerial personnel shall, within a period of thirty days of his appointment, or relinquishment of his office in other Companies, as the case may be, disclose to the Company the particulars relating to his/her concern or interest in the other associations which are required to be included in the register maintained.

The register to be kept under this section shall also be produced at the commencement of every Annual General Meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.

- **Discloser in Annual Report:** The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not at arm's length basis along with the justification for entering into such transaction.
- **Discloser to Stock Exchanges:** The Company shall also submit within 30 days from the date of publication of its standalone financial results for the half year, disclosures of related party transactions, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

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 in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all 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 Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such related party transaction to the Audit Committee under this Policy and failure of the internal control systems, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation by the defaulting person (as may be decided by the Audit Committee) to the related party or the Company as the case may be, etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

However, where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) of the Section 188 of Companies Act, 2013 and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

REVIEW OF THE POLICY

The adequacy of this Policy shall be reviewed and reassessed by the Audit Committee periodically and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.

Annexure 1 - MATERIAL RELATED PARTY TRANSACTION			
Sr. No.	Prescribed Transaction Category	Companies Act 2013	Regulation 23 of SEBI (LODR)
		(Lower of the two thresholds)	
1	Sale, purchase or supply of any goods or materials directly or through agents	Transactions exceeding 10% of Company's turnover	Exceeding 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company **
2	Selling or otherwise disposing off, or buying, property of any kind directly or through agents	Transactions exceeding 10% of Company's Net Worth	
3	Leasing of property of any kind	Transactions exceeding 10% of Company's turnover	
4	Availing of or rendering any services directly or by appointing agents	Transactions exceeding 10% of Company's turnover	
5	Related party's appointment to any office or place of profit in the Company or its subsidiary company or associate company	Monthly remuneration exceeding Rs.2.50 Lacs	
6	Underwriting the subscription of any securities or derivatives thereof of the Company	Transactions exceeding 1% of Company's net worth*	
7	Any other related party transaction	N.A.	
*The Turnover or Net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding financial year.			
** Applies to transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.			
