

RAJKUMAR FORGE LIMITED

POLICIES AND PROCEDURE		
Approved By: Board of Directors	RELATED PARTY TRANSACTIONS	Approved in Board meeting Dated : 29, Jan 2022
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Supersedes Version No: 01		Date of last review: 29, Jan 2022 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”).
- 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; (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.

Note: The words or sentences in *Italics* represent the amendments of SEBI (Listing Obligations and Disclosure Requirements) Sixth Amendment Rules applicable with effect from **1st April 2022**.

The words or sentences *Italics and underlined* represent the amendments of SEBI (Listing Obligations and Disclosure Requirements) Sixth Amendment Rules applicable with effect from **1st April 2023**.

DEFINITIONS

"Act" means the Companies Act, 2013 and includes any amendment thereof.

"Accounting Standards" shall mean the standards of accounting or any addendum thereto for companies or class of companies referred to in section 133 of the Act.

"Applicable Laws" shall for the purpose of this Policy mean, (i) the Act; (ii) Regulations and (iii) Accounting Standards.

"Company" means Rajkumar Forge Limited.

"Regulations or SEBI Listing Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes any amendment thereof.

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

"Related Party" have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

"Related Party Transaction" shall the meaning as defined under Regulation 2 (1) (zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 or as envisaged under Section 188 (1) of the Companies Act 2013.

"Material Related Party Transaction" means transactions with related party over and above the threshold limits mentioned below:

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 annual turnover	Amounting to Rupees 1000 Crore or 10% of the turnover of the Company, whichever is lower**
2	Availing of or rendering any services directly or by appointing agents	Transactions exceeding 10% of Company's annual turnover	Amounting to Rupees 1000 Crore or 10% of the net worth or 10% of the turnover of the Company, whichever is lower**
3	Selling or otherwise disposing off, or buying, property of any kind directly or through agents	Transactions exceeding 10% of Company's Net Worth	Amounting to Rupees 1000 Crore or 10% of the net worth or 10% of the turnover of the Company, whichever is lower**
4	Leasing of property of any kind	Transactions exceeding 10% of Company's annual 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	A transaction involving payments made to a related party with respect to brand usage or royalty	Amount exceeding 5% of Company's annual turnover.	Amounting to Rupees 500 Crore or 5% of the annual consolidated turnover of the Company, whichever is lower.**
8	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.			

“Material Modification in Related Party Transaction” means any modification/alteration or variation related to any change in value of transaction/s (except arising out of change in relation to any statutory taxes), or period of contract or any term which has direct or indirect impact on cost, quality or delivery against the agreed terms in relating to any existing related party transaction/s.

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), and/ or relevant Accounting standards, 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.

The Company shall collate the information, coordinate and send the consolidated Related Party list to the Functional Heads, the Finance & Accounts Department or any other officials who is in the position to know the possible conduct of RPTs (hereinafter referred as “RPT Process Owner”).

- **Identification of Related Party Transactions**

- i. The RPT Process Owner shall, at all times, maintain a database of applicable Related Parties containing the names of individuals and companies in accordance with this Policy, along with their personal/company details including any revisions therein.
- ii. Before entering into any transaction with Related Party(s), RPT Process Owner shall submit the details of the proposed RPT (including any subsequent Material Modifications thereto) to the Company Secretary for taking approval of the Audit Committee/Board/Shareholders of the Company, as may be required. The details of proposed RPT shall contain nature of transaction, principle terms & conditions, justification that the transactions are on arms’ length basis and in an ordinary course of business, if so. Where such transaction are omnibus in nature, before the commencement of the relevant financial year, the RPT Process Owners shall identify such RPTs and provide the details to the Company Secretary for prior Audit Committee approval of the Company.

- iii. Based on the details furnished by RPT Process Owner, the Company Secretary shall appropriately take up for necessary prior approvals from the Audit Committee at its next meeting and convey back the decision to the Respective RPT Process Owner.
- iv. If there is any Material Modification in terms and conditions of the approved RPT, RPT Process Owner shall intimate to the Company Secretary with details of the proposed modification for taking prior approval of such Material Modification from the Audit Committee/ Board/ Shareholders of the Company as the case may be.
- v. Each Director/KMP shall be responsible for providing written notice to the Company Secretary of any potential RPT involving him or her or his or her Relatives, including any additional information about the transaction that the Company Secretary may reasonably request. The Company Secretary shall, in consultation with other members of the senior management and with the Audit Committee, as appropriate, determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.
- vi. Where any Director/ KMP, who is not so concerned or interested at the time of entering into any contract or arrangement, he or she shall, if he or she becomes concerned or interested after the contract or arrangement is entered into, disclose his or her concern or interest forthwith when he or she becomes concerned or interested or at the first meeting of Board held after he or she becomes so concerned or interested.
- vii. A contract or arrangement entered into by the Company without disclosure or with participation by a Director / KMP who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the Company.
- viii. The Company strongly prefers to receive such notice of any potential RPT and/ or any subsequent Material Modifications in the RPTs approved well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and other matter incidental thereto and to refer it to the appropriate approval authority. Ratification of RPT after its commencement or even its completion may be appropriate in some circumstances.

The Company has formulated guidelines for the 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 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.
- Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.
- 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
- The corporate actions by the Company which are uniformly applicable/offered to all Shareholders in proportion to their shareholding such as payment of dividend, subdivision or consolidation of securities, issuance of securities by way of a rights issue or a bonus issue and buyback of securities.
- The transactions which are exempted specifically by Act, Rules or Regulation which shall be prevailing during the execution of transaction.

- **Standards for Review**

A RPT reviewed under this Policy will be considered approved or ratified if it is authorized by the Audit Committee or the Board or the Shareholders in the General Meeting, as applicable, in accordance with the standards set-forth in this Policy after full disclosure of the Related Party's interests in the transaction. As appropriate for the circumstances, the Audit Committee or Board, as applicable, shall review and consider:

- a. the Related Party's interest in the RPT;
- b. the amount involved in the RPT;
- c. whether the RPT was undertaken in the ordinary course of business of the Company;
- d. whether the transaction with the Related Party is proposed to be, or was, entered on an arms' length basis;
- e. the purpose of and the potential benefits to the Company from the RPT, its related parties and/ or its subsidiaries;
- f. whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transaction, if any;
- g. whether the RPT includes any potential reputational risk issues that may arise as a result of or in connection with the RPT;
- h. whether the Company was notified about the RPT before its commencement and if not, why pre-approval was not sought and whether subsequent ratification would be detrimental to the Company;

- i. required public disclosure, if any; and
- j. Any other information regarding the RPT or the Related Party in the context of the proposed transaction that would be material to the Audit Committee/ Board/ Shareholders, as applicable in light of the circumstances of the particular transaction.

The Audit Committee/Board will review all relevant information available to it about the RPT. The Audit Committee or the Board, as applicable, may approve or ratify or recommend to the Shareholders the RPT or any subsequent Material Modifications to the RPT already approved, only if the Audit Committee and/ or the Board, as applicable, determine that, under all of the circumstances, the transaction is fair and reasonable to the Company.

- **Procedure for review and approval of RPT**

- ***Approval of the Audit Committee***

- A. The Audit Committee shall undertake an evaluation of each RPT and subsequent Material Modification in the RPTs already approved. If such evaluation indicates that the proposed transaction is not in the ordinary course of business and / or not at arm's length basis, then the Audit Committee shall report such RPTs, together with a summary of material facts, to the Board for its approval.
- B. If the Audit Committee is of the view that the RPT is Material RPT pursuant to provisions of Applicable Laws or the RPT is not in Ordinary Course of Business or not on Arm's length basis and crosses threshold limit as prescribed under the Applicable Laws and needs to be approved at a general meeting of the Shareholders, then the same shall be placed for prior approval of the Shareholders of the Company.
- C. If in case prior approval of the Audit Committee or the Board or the Shareholders in general meeting, as applicable, for entering into a RPT or subsequent Material Modification is not feasible/not obtained, then the RPT shall be ratified by the Audit Committee / the Board / Shareholders in the general meeting or by any other means as may be permissible under the Applicable Laws, if required, within three (3) months of entering into such a RPT.
- D. In the event the Audit Committee or the Board or the General Meeting determines not to ratify a RPT as stated in (C) above which has been already acted upon by the Company, then the Committee or the Board or the general meeting, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation of such RPT or approve modifications to such RPT to make it acceptable for ratification. The Audit Committee or the Board shall have an authority to modify or waive any procedural requirements of this Policy so long as such modification or waiver is not inconsistent with the provisions of the Applicable Laws.

- E. No Director or KMP shall participate in any discussion or approval of a RPT for which he or she is a Related Party, except that the Director / KMP shall provide all material information concerning such Related Party Transaction to the Audit Committee or the Board as appropriate.
- F. The Company shall not enter into any related party transactions and subsequent material modifications without the prior approval of the Audit Committee of the Company unless the transaction /contract/ arrangement enjoys any exemption as provided under the Companies Act, 2013 or Rules made there under or under the provisions of the SEBI Listing Regulations.

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions. w.e.f. 1st January 2022

Provided further that:

- a. *the audit committee of the Company shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;*
 - b. *a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity 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 listed entity;*
 - c. *with effect from 1st April 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;*
- G. If the RPTs are repetitive in nature, the Audit Committee may grant omnibus approval in line with this policy., subject to compliance with the following procedure:
 - 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 Definition 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.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

*Provided that the Company shall make such disclosures every six months **within fifteen days from the date of publication** of its standalone and consolidated financial results:*

*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 1st April 2023."*

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.
