

RAMCO INDUSTRIES LIMITED 

RELATED PARTY TRANSACTION POLICY

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[Under Section 188 of Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. This policy is formulated on materiality of Related Party Transactions and on dealing with Related Party Transactions in terms of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. An entity shall be considered Related to the Company, if
 - i. such entity is a related party under Section 2(76) of the Companies Act, 2013.
 - ii. such entity is a related party under the applicable accounting standards.
 - iii. any person or entity which is deemed to be a related party in Regulation 2(1)(zb) of LODR.
3. No Related Party Transaction may be entered into by the Company, except in accordance with the provisions of this policy.
4. Transaction with a related party shall be construed to include single transaction or a group of transactions in a contract or arrangement.
5. "Related Party Transaction" means transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and would include
 - i. transactions specified under Section 188 (1) of the Companies Act, 2013.
 - ii. Transactions specified under Regulation 2(1)(zc) of LODR
6. A transaction with a Related Party shall be considered material if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1000 Crores or ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company, whichever is lower.
7. Arm's length basis means, a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.
8. The Related Parties are obligated to disclose complete information about the proposed transaction with the Company, so as to enable the Company to determine whether the transaction constitutes a Related Party Transaction requiring compliance with this policy.
9. No Related Party Transaction shall be entered into by the Company without the prior approval of the Audit Committee (except for omnibus approval by the Audit Committee as in Clause 13). Any subsequent material modifications of transactions of the company with related parties will also require prior approval of Audit Committee;

Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.

Material modification means, a modification in the Contract or Memorandum of Understanding (MOU) with regard to alteration.

- a. by way of extending or reducing the time duration of the Contract/MOU, by a period of three months or more
- b. by way of changing the value of the transaction exceeding 10% of the contract value or rate or quantity
- c. by way of changing the interest rate of loan transactions, where the change in interest rate is 10% or more
- d. by way of extending or reducing the credit period by more than three months in the case of commercial transactions
- e. by way of extending or reducing the repayment period by more than six months in the case of financial transactions

9A. Any related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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 consolidated turnover, as per the last audited financial statements of the Company.

9B. With effect from April 1, 2023, any related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company 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.

9C. Prior approval of the audit committee of the Company shall not be required for a related party transaction to which the listed subsidiary is a party by the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of LODR are applicable to such listed subsidiary.

9D. The Company shall provide the following information to the Audit Committee, for approval of a proposed RPT :

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposal transaction;

- d. Value of the proposed transaction;
 - e. The percentage of the Company'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 Company 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, inter-corporate 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 utilised by the ultimate beneficiary of such funds pursuant to the RPT.
 - g. justification as to why the RPT is in the interest of the Company;
 - 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.
- 9E. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
10. In the event such a Related Party Transaction is not in the ordinary course of business or at arm's length, the Company shall comply with the provisions of the Companies Act 2013 and the Rules framed thereunder and obtain approval of the Board or its shareholders, as applicable, for such Transaction.

11. No director who is interested in any such transaction shall be present at the meeting during discussions on the subject matter of the resolution proposed for Board/Audit Committee Approval.
12. All material Related Party Transactions and subsequent material modifications shall require the approval of the shareholders through Resolution¹ and the Related Parties shall abstain from voting on such resolutions, whether the entity is a related party to the particular transaction or not.
- 12A. Information to be provided to shareholders for consideration of Related Party Transactions :

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 part of the statement to be annexed to the Notice.

 - a. A summary of the information provided to the Audit Committee for getting their approval;
 - b. Justification for why the proposed transaction is in the interest of the Company;
 - c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary, the details specified under Point 9D(f) above;
 - 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.
- 12B. If the Company enters into a transaction with its wholly owned subsidiaries whose accounts are consolidated with that of the Company, resolution passed by the Holding Company would suffice.
- 12C. Prior approval of the Company at a general meeting is not required, for the 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.

¹ The word "Resolution" was substituted in place of words "Special Resolution" by the Companies (Meeting of Board and its Powers) Second Amendment Rules, 2015, vide Notification No.G.S.R.971(E) dated 14.12.2015.

13. The Audit Committee may grant an omnibus approval for Related Party Transaction proposed to be entered into by the Company, subject to the following conditions:

- i. The Transaction is at arm's length and is in the ordinary course of business and is of repetitive nature.
- ii. The Transaction is not a transaction that requires approval by the Board/Shareholders under the provisions of the Companies Act, 2013 and rules framed thereunder.
- iii. Such omnibus approval shall specify
 - a. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into
 - b. the indicative base price/current contracted price and the formula for variation in the price if any and
 - c. such other conditions as the Audit Committee may deem fit

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction.

- iv. Audit Committee shall review on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- v. Such omnibus approvals shall be valid for a period of one year and shall require fresh approvals after the expiry of one year.

14. DISCLOSURES

- i. The Company shall comply with the disclosures of related party transactions as mandated in Regulation 23(9) of LODR and other applicable statutory requirements from time to time.

15. REVIEW AND UPDATION OF THIS POLICY

- i. The Board of Directors shall review this Related Party Transaction Policy, at least once every three years and update it accordingly.
- ii. The Chief Executive Officer is authorised to make changes in this policy in line with the statutory modifications/regulations and for smoother implementation from time to time and the same shall be placed before the Board for its approval.

Date of approval of the policy by the Board of Directors : 21-01-2022.
