



RAM RATNA WIRES LIMITED

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS (RPT Policy)

(Approved on 30th November, 2015 and revised on 8th February, 2019)

1. SCOPE AND PURPOSE

The policy is to regulate transactions between the Company and its related parties based on the laws and regulations applicable to the Company.

The Board of Directors of Ram Ratna Wires Limited, has adopted the following policy and procedures with regard to the Related Party Transactions. Regulation 23(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") requires the company to formulate a policy on related party transactions and dealing with related party transactions. This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee will review and amend the Policy, as and when required, subject to adoption by the Board.

2. OBJECTIVE

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 read with Rules made thereunder, as may be amended from time to time, Regulation 23 of the SEBI Listing Regulations and any other laws and regulations as may be applicable to the Company.

3. DEFINITIONS

- a. **"Act"** means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time
- b. **"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.
- c. **"Audit Committee"** shall mean the Audit Committee of the Board of Directors constituted in accordance with the provisions of the Act and SEBI Listing Regulations.
- d. **"Board"** refers to Board of Directors of Ram Ratna Wires Limited
- e. **"Company"** means Ram Ratna Wires Limited
- f. **"Key Managerial Personnel" or "KMP"** shall have the same meaning as defined in the Companies Act, 2013.
- g. **"Material transaction"** means a transaction with a related party where any transaction 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.
- h. **"Related Party"** shall have the meaning as described to it in SEBI Listing Regulations and the Act, including all amendments and modifications thereof from time to time.

- i. **“Related Party Transaction”** means any transaction involving any Related Party which is a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged.
- j. **“Rules”** means Companies (Meetings of Board and its Powers) Rules, 2014 including any modifications or amendments thereof.
- k. **“Transaction”** with a Related Party shall be construed to include single transaction or a group of transactions entered into under a single contract.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI Listing Regulations or any other applicable law or regulation.

4. POLICY

All the Related Party Transactions proposed to be entered into shall require prior approval of the Audit Committee. The Audit Committee shall accordingly recommend the Related Party Transactions for the approval of Board of Directors / Shareholders as per the terms of this policy.

All transactions with Related Parties shall be in the ordinary course of business and at arm's length. If any transaction with Related Party(s) is not in the ordinary course of business and/or not at arm's length, then all such transactions will require prior approval of:

- a. the Audit Committee;
- b. the Board; and
- c. the shareholders of the Company by resolution, if they exceed the threshold limits mentioned u/s 188 of the Act read with Rules.

Further, any Material Transaction proposed to be entered into with a related party shall also be approved by the Board of Directors of the Company after they have been approved by the Audit Committee.

Regulation 23 of the SEBI Listing Regulations requires a company to provide materiality thresholds for transactions beyond which approval of the shareholders through resolution will be required and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not. The Company has fixed its materiality threshold at 10% of the annual consolidated turnover of the company as per last audited financial statements of the company for the purpose of Regulation 23(4) of the SEBI Listing Regulations. Approval of the audit committee and/or shareholders shall not be required for any transactions to be entered into by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval. 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 two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

Procedure for dealing with Related Party Transactions:

4.1 Identification of Related Parties and Related Party Transactions

Before the start of each financial year, the Company shall draw up a 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. Any changes in the list during the financial year shall be made as and when the Company receives information in this regard from the Directors and Key Managerial Personnel. For this purpose, the Company shall devise an appropriate procedural mechanism.

The Audit Committee, in consultation with the Company Secretary, will review and determine whether any Transaction with such Party(s) will, in fact, constitute a Related Party Transaction requiring compliance with this policy. Any member of the Audit Committee or Board who is directly or indirectly interested in any Related Party Transaction shall recuse himself and abstain from participating in the discussion and voting for such item under consideration by Audit Committee and Board, as the case may be.

4.2 Approval of Related Party Transactions

4.2.1 Approval of the Audit Committee

As mentioned above, all the Transactions proposed to be entered into with Related Parties shall require prior approval of the Audit Committee. In the case of the transactions which are repetitive in nature, a list of all proposed Transactions with the Related Party, shall be placed before the meeting of the Audit Committee before the beginning of each financial year; Provided that where the need for Related Party Transaction cannot be foreseen and the required details are not available, the Audit Committee may grant omnibus approval for such Transactions subject to their value not exceeding ` 1 crore per transaction.

The Audit Committee may call for such additional information as may be required for granting approval to such Transactions. In respect of Transactions which are repetitive in nature, the Audit Committee may, after satisfying itself as to the need for granting such approval, provide an omnibus approval for each transaction with Related Party within which the transactions with the Related Parties should be executed during the year. Such omnibus approval shall specify (i) the name/s of the Related Party, nature of Transaction, period of Transaction, maximum amount of transaction that can be entered into, (ii) 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. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

If any additional Related Party Transaction is to be entered by the Company post omnibus approval granted by the Audit Committee, then the Company shall present such transaction before the Audit Committee in its next meeting for its prior approval.

4.2.2 Approval of the Board and the Shareholders

The Board shall approve such Related Party Transactions as are required to be approved under Act and/or Listing Regulations and/or transactions referred to it by the Audit Committee.

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

a) 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;

b) Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval.

c) Material Related Party Transactions as well as Related Party Transactions requiring shareholders approval under Section 188 of the Companies Act, 2013 and Rules made thereunder, which are intended to be placed before the shareholders for approval.

Where any director is interested in any Related Party Transaction, such director shall not remain present at the meeting when Related Party Transactions is considered.

Further, all such Related Party Transactions exceeding the threshold limits prescribed in the Act shall also require prior approval of shareholders of the Company and Related Party/ies shall abstain from voting on such resolution.

2. In Compliance with Listing Regulations, all the material Related Party Transactions shall require approval of shareholders and the Related Party/ies shall abstain from voting on such resolution.

In case the shareholders decide not to approve a Related Party Transaction, the Board/ Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or recession of the transaction, or modification of the transaction to make it acceptable to shareholders for approval.

4.3 Review of Related Party Transactions:

The Management shall lay down an appropriate framework including the pricing mechanism to ensure arm's length pricing for dealing with the Related Party(s). The Management shall institute appropriate administrative mechanism to ensure that all Related Party Transactions are in compliance and reviewed in accordance with these policies and procedures including maintenance of proper records in this regard.

All the transactions with Related Parties shall be referred to the Audit Committee for review at its scheduled quarterly meetings or as may be called upon by the Audit Committee from time to time along with all relevant information of such transaction(s).

The Audit Committee may refer any of the Related Party Transactions brought before it or it being mandatory under any law, for approval of the Board. The Board may on its own accord also decide to review any Related Party Transaction. The above mentioned procedure as set out in clauses 4.1 to 4.3 of this Policy shall be followed by Board for considering and granting approval to Related Party Transactions.

The Audit Committee shall periodically review this policy and may recommend amendments, from time to time as it may deem appropriate, to the Board provided such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

The Audit Committee may seek advice of external consultants and experts on determining whether a particular transaction which is being considered by the Audit Committee would be regarded on an arms' length basis or otherwise.

5. RELATED PARTY TRANSACTION 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 prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all of 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 Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review/approval of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.