

RMG Alloy Steel Limited's

POLICY ON TRANSACTIONS WITH THE RELATED PARTIES (Pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Object:

This policy is intended to ensure the proper approval and reporting of transactions between the Company and the Related Parties. Such transactions are appropriate only if they are in the interest of the Company and the stockholders. The Company is required to disclose in the Annual Report, the transactions between the Company and Related Parties. In addition, the Audit Committee and the Board will review any Related Party Transactions involving non-employee directors as part of the annual determination of their independence.

This Policy is in addition to the provisions dealing with conflicts of interest in the Company's Code of Conduct for the Board of Directors and Sr. Management.

The Committee / Board will review and may amend this policy from time to time.

2. Definitions:

The terms "Arm's Length Transaction", "Related Party" or "Related Parties", "Relative" and "Securities" shall have the same meaning as assigned to them under the Companies Act, 2013. The term "Material Related Party Transaction(s)" shall have the same meaning as assigned to it under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Related Party Transaction" means any transaction directly or indirectly 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, and includes:

- (i) sale, purchase or supply of any goods or materials;
- (ii) selling or otherwise disposing of, or buying, property of any kind;
- (iii) leasing of property of any kind;
- (iv) availing or rendering any services;
- (v) appointment of any agent for purchase or sale of goods, materials, services or property;
- (vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (vii) underwriting the subscription of any securities or derivatives thereof, of the company

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Any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

Payments made to Related Parties in respect of Brand Usage or Royalty shall be considered material if transaction taken together with previous transactions during a financial year, exceeds 2% of the annual consolidated turnover of the Company.¹

Notwithstanding the foregoing, the following shall not be deemed Related Party Transactions:

- (a) Any transaction that involves the reimbursement or advance to director or Key Managerial Personnel to meet expenditure in the course of his or her duties to the Company or its subsidiaries or affiliates, in compliance with the Companies Act, 2013 and the rules made thereunder;
- (b) Any transaction in which the interest of Related Party 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.

3. Procedure for identification of potential related parties

The Company Secretary or the Compliance Officer (as the case may be) shall at all times maintain a database of Company's Related Parties, identified on the basis of the definition set forth in the Key Definition section above, along with their personal/company/entity details including any revisions therein

4. Identification of Potential Related Party Transactions:

Each director, nominee for director and Key Managerial Personnel is responsible for providing written notice to the Board of Directors of any potential Material Related Party Transaction involving him or her or his or her Relative(s), including any additional information about the transaction that the Board may reasonably request. The Board after discussion among themselves and if required in consultation with the outside counsel, as appropriate, will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

¹ Inserted vide the SEBI circular dated May 9, 2018 amending the SEBI (LODR), 2015, approved in Board Meeting dated June 8, 2018, effective from 01.04.2019.

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The Company strongly prefers to receive such notice of any potential Material Related Party Transaction well in advance so that the Chief Financial Officer / Head of Finance has adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate approval authority. Ratification of a Related Party Transaction after its commencement or even its completion may be appropriate in some circumstances, however.

The CFO/ Head of Finance of the Company shall ensure that the Related Party Transactions entered in to by the Company are supported by requisite documentation to substantiate the compliance of policy.

At every Audit Committee Meeting, the Chief Financial Officer of the Company shall certify to the Committee that the transactions entered into in the reporting quarter were in ordinary course of business and at arm's length in terms of the aforesaid policy and in other cases approval of the Audit Committee and the Board has been obtained.

To review a Related Party Transaction, the Audit Committee / Board shall be provided with all relevant material information of the Related Party Transaction, including 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.

5. Review and Approval of Related Party Transactions:

All Related Party Transactions shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution or by circulation or any other manner as provided by the Companies Act, 2013 and Rules made thereunder.

Omnibus approval

However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the company subject to compliance with following conditions:

- a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with this Policy 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;

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- c. 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;
- d. 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.
- e. The Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given;
- f. Such omnibus approvals shall be valid for a period not exceeding financial year and shall require fresh approvals after the expiry of such financial year.

Any member of the Audit Committee and / or the Board who has a potential interest in any Related Party Transaction shall recuse himself or herself and abstain from participating in the meeting, but may participate in all or a portion of the Committee's / Board's discussions of the Related Party Transaction, if requested by the Chair of the Committee/ Board.

6. Shareholders' approval of Related Party Transactions:

All Material Related Party Transactions, even if the same are at arm's length and are in the ordinary course of business will be referred to the Audit Committee and the Board for review and approval and the shareholders for approval. All Related Party/ies shall abstain from voting on such resolutions.

Provided that the Material Related Party Transactions entered into by the Company with its wholly owned subsidiary(ies) whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval shall not require approval of the Board or shareholders or Audit Committee.

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7. Factors to be considered in approving Related Party Transactions

In determining whether to approve or ratify a Related Party Transaction, the Audit Committee / Board shall consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- a. Terms of the Related Party Transaction, where such Related Party Transaction is on arm's length basis;
- b. Whether the Related Party Transaction is in the ordinary course of business or not;
- c. Whether the terms of the Related Party Transaction are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- d. Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the alternative available to the Company, if any;
- e. Whether the Related Party Transaction would impair the independence of an otherwise independent director or nominee for director;
- f. Whether the Related Party Transaction would present an improper conflict of interest for any director, nominee for director or Key Managerial Personnel of the Company.
- g. Price Valuation for Sale / Purchase of Securities
 - Listed Securities - In case if security to be transacted is listed on any recognized stock exchange in India / overseas, then consideration price shall be as follows:-
 - If Security routed through Stock Exchange - In this case price will be at the current market price only
 - If security transacted through off market route - In this case, price shall be the average of the lowest and highest price of such securities listed on the stock exchange on the transaction date

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- Unlisted Securities - In case if the security is not listed on any recognized stock exchange, the consideration price shall be the arm's length price on the basis of valuation report from SEBI registered Merchant Banker.

8. Reporting requirements:

- a. All Related Party Transactions must be reported to the Chief Financial Officer / Head of Finance.
- b. Disclosure shall be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts / arrangements with the Related-parties as part of Directors' Report.
- c. The Company shall within 30 days of publication of its standalone as well as consolidated financial results for the half-year, disclose the details of all material related party transactions on consolidated basis in the format specified in the relevant accounting standards for annual financial results to the stock exchange and publish it on the Company's website.

Approved by the Board on May 15, 2019.