

## **RELATED PARTY TRANSACTION POLICY**

### **INTRODUCTION**

THE BOARD OF DIRECTORS OF R R INDUSTRIAL CORPORATION (I) LTD." (HEREINAFTER REFERRED TO AS "THE BOARD") HAS ADOPTED THIS POLICY ON RELATED PARTY TRANSACTIONS AS REQUIRED UNDER REGULATION 23 OF THE OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

THE POLICY ENVISAGES THE PROCEDURE GOVERNING RELATED PARTY TRANSACTIONS REQUIRED TO BE FOLLOWED BY THE COMPANY TO ENSURE COMPLIANCE WITH APPLICABLE THE LAW AND REGULATION.

### **DEFINITIONS**

1. "RELATED PARTY" MEANS A PARTY WHICH IS DEFINED UNDER THE PROVISIONS OF SECTION 2(76) OF THE COMPANIES ACT, 2013 AND RULES THEREOF AND UNDER REGULATION 23 OF THE OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

2. THE DEFINITION OF „RELATED PARTY“ AS GIVEN UNDER SECTION 2(76) IS AS UNDER: "RELATED PARTY", WITH REFERENCE TO A COMPANY, MEANS—

I. A DIRECTOR OR HIS RELATIVE;

II. A KEY MANAGERIAL PERSONNEL OR HIS RELATIVE;

III. A FIRM, IN WHICH A DIRECTOR, MANAGER OR HIS RELATIVE IS A PARTNER;

IV. A PRIVATE COMPANY IN WHICH A DIRECTOR OR MANAGER OR HIS RELATIVE IS A MEMBER OR DIRECTOR;

V. A PUBLIC COMPANY IN WHICH A DIRECTOR OR MANAGER IS A DIRECTOR AND HOLDS ALONG WITH HIS RELATIVES, MORE THAN TWO PER CENT. OF ITS PAID-UP SHARE CAPITAL;

VI. ANYBODY CORPORATE WHOSE BOARD OF DIRECTORS, MANAGING DIRECTOR OR MANAGER IS ACCUSTOMED TO ACT IN ACCORDANCE WITH THE ADVICE, DIRECTIONS OR INSTRUCTIONS OF A DIRECTOR OR MANAGER;

VII. ANY PERSON ON WHOSE ADVICE, DIRECTIONS OR INSTRUCTIONS A DIRECTOR OR MANAGER IS ACCUSTOMED TO ACT:

PROVIDED THAT NOTHING IN SUB-CLAUSES

(VI) AND (VII) SHALL APPLY TO THE ADVICE, DIRECTIONS OR INSTRUCTIONS GIVEN IN A PROFESSIONAL CAPACITY;

VIII. ANY COMPANY WHICH IS — A) A HOLDING, SUBSIDIARY OR AN ASSOCIATE COMPANY OF SUCH COMPANY; OR B) A SUBSIDIARY OF A HOLDING COMPANY TO WHICH IT IS ALSO A SUBSIDIARY;

IX. A DIRECTOR OTHER THAN AN INDEPENDENT DIRECTOR OR KEY MANAGERIAL PERSONNEL OF THE HOLDING COMPANY OR HIS RELATIVE

THE DEFINITION OF „RELATED PARTY“ AS GIVEN UNDER REGULATION 23 OF THE OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IS AS UNDER:

- 1) SUCH AN ENTITY SHALL BE CONSIDERED AS RELATED TO THE COMPANY IF: I. SUCH ENTITY IS A RELATED PARTY UNDER SECTION 2(76) OF THE COMPANIES ACT, 2013;
- 2) SUCH ENTITY IS A RELATED PARTY UNDER THE APPLICABLE ACCOUNTING STANDARDS.

“RELATIVE” AS DEFINED UNDER THE COMPANIES ACT, 2013, MEANS A PERSON WHO IS RELATED TO ANOTHER IN ANY ONE OF THE FOLLOWING MANNER:

- THEY ARE MEMBERS OF A HINDU UNDIVIDED FAMILY; OR
  - THEY ARE HUSBAND AND WIFE; OR
  - FATHER (INCLUDING STEP-FATHER)
  - MOTHER (INCLUDING STEP-MOTHER)
  - SON (INCLUDING STEP-SON)
  - SON’S WIFE
  - DAUGHTER
  - DAUGHTER’S HUSBAND
  - BROTHER (INCLUDING STEP-BROTHER)
  - SISTER (INCLUDING STEP-SISTER)
4. “RELATED PARTY TRANSACTION” AS DEFINED UNDER THE COMPANIES ACT, 2013, AND REGULATION 23 OF THE OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 MEANS THE FOLLOWING TRANSACTION OR CONTRACT OR ARRANGEMENT:

- A) SALE, PURCHASE OR SUPPLY OF ANY GOODS OR MATERIALS;
- B) SELLING OR OTHERWISE DISPOSING OF, OR BUYING, PROPERTY OF ANY KIND;
- C) LEASING OF PROPERTY OF ANY KIND;
- D) AVAILING OR RENDERING OF ANY SERVICES;
- E) APPOINTMENT OF ANY AGENT FOR PURCHASE OR SALE OF GOODS, MATERIALS, SERVICES OR PROPERTY;
- F) SUCH RELATED PARTY'S APPOINTMENT TO ANY OFFICE OR PLACE OF PROFIT IN THE COMPANY, ITS SUBSIDIARY COMPANY OR ASSOCIATE COMPANY; AND
- G) UNDERWRITING THE SUBSCRIPTION OF ANY SECURITIES OR DERIVATIVES THEREOF, OF THE COMPANY
- H) ANY TRANSACTION FOR TRANSFER OF RESOURCES, SERVICES OR OBLIGATIONS BETWEEN A COMPANY AND RELATED PARTY, REGARDLESS OF WHETHER A PRICE IS CHARGED.

5. "MATERIAL RELATED PARTY TRANSACTIONS" AS DEFINED UNDER THE REGULATION 23 OF THE OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, MEANS ANY TRANSACTION / TRANSACTIONS TO BE ENTERED INTO WITH THE RELATED PARTY, INDIVIDUALLY OR TAKEN TOGETHER WITH PREVIOUS TRANSACTIONS DURING FINANCIAL YEAR EXCEEDS 10 % OF THE ANNUAL CONSOLIDATED TURNOVER OF THE COMPANY AS PER THE LAST AUDITED FINANCIAL STATEMENTS OF THE COMPANY.

6 " ARM'S LENGTH TRANSACTION" AS DEFINED UNDER SECTION 188 (1) OF THE COMPANIES ACT, 2013, SHALL MEAN A TRANSACTION BETWEEN TWO RELATED PARTIES THAT IS CONDUCTED AS IF THEY WERE UNRELATED, SO THAT THERE IS NO CONFLICT OF INTEREST.

ANY OTHER TERM NOT DEFINED HEREIN SHALL HAVE THE SAME MEANING AS DEFINED IN THE COMPANIES ACT, 2013, SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, SECURITIES CONTRACT REGULATION ACT OR ANY OTHER APPLICABLE LAW OR REGULATION AS APPLICABLE TO THE COMPANY.

### **REPORTING, REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

(a) All Related Party Transactions or changes therein must be reported by the Chief Financial Officer (CFO) and Head of Accounts Department of the Company to the Company Secretary & Compliance Officer and referred for prior approval by the Audit Committee in accordance with this Policy.

(b) All the transactions which are identified by the Audit Committee as related party transactions shall require prior approval of the Audit Committee before entering into such transaction. It shall place the details of all related party Transactions before the Audit Committee for its approval.

(c) Prior approval of the Audit Committee shall be obtained for all Related Party Transactions other than those with Exempted Wholly Owned Subsidiaries (whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval).

(d) The Audit Committee may, in the interest of the conduct of affairs of the Company and after satisfying itself of the need there for, grant approval for the related party transactions which are of the repetitive nature and shall take into account the following factors while considering such transactions for its approval: -

- Name of the related party, nature of transaction, period of transaction, if any;
- The maximum amount upto which the transaction can be entered into;
- The manner of determining the pricing to ascertain whether the same is on arm's length;
- Such other factors as the Audit Committee may deem fit.

(e) The Audit Committee may also, in the interest of the conduct of affairs of the Company, grant approval for Related Party Transactions that cannot be foreseen and for which the aforesaid details are not available up to a value of Rs. 1 crore per transaction.

(f) 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 approval given. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

(g) Any member of the Audit Committee who has any interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

(h) If the Audit Committee determines that a related party transaction is (i) a Material related party transaction or (ii) not in the ordinary course of business or not at the arm's length price, the Committee shall place the matter before the Board for obtaining its approval.

#### **APPROVAL OF RELATED PARTY TRANSACTIONS BY THE BOARD OF DIRECTORS**

Where approval of Board of Directors is required for any related party transaction or if the Board in any case elects to reviews any such matter or it is mandatory under Section 188 of the Companies Act, 2013 for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances. In case the Board approval is mandatory to a related party transaction under Section 188 of the Companies Act, 2013, the agenda for such transaction shall disclose all material particulars related to the transaction as specified in rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014. Any member of the Board who has any interest in any Related Party

Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction.

### **APPROVAL OF RELATED PARTY TRANSACTIONS BY THE SHAREHOLDERS**

In case Board refers a related party transaction for seeking approval of the shareholders as per the provisions of Section 188 of the Companies Act, 2013, the explanatory statement annexed to the notice of the general meeting convening the shareholders meeting shall disclose the particulars as required under rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014.

If any member of company is a related party as per this policy, such member of the company shall not vote on resolution passed for approving such related party transaction.

### **CONSEQUENCES- IN CASE OF FAILURE TO GET APPROVAL TO ANY RELATED PARTY TRANSACTIONS**

If a Related Party Transaction requiring prior approval of the Audit Committee is entered into by the Company without being approved under this Policy, the same shall be reviewed by the Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of such Transaction. If a Related Party Transaction requiring approval of the Board or the shareholders by any statute without being approved under this Policy, the same shall be subject to ratification, revision or termination as per the provisions of the concerned statute and the rules made thereunder. If a Related Party Transaction requiring approval of the Audit Committee is entered into without being approved under this Policy, the same shall be reviewed by the Audit Committee. The Committee shall evaluate the transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

### **DISCLOSURE**

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Details of all material transactions with related parties shall be disclosed along with the compliance report on corporate governance.
- The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

This Policy will be communicated to all concerned employees and other concerned persons of the Company.