

**TIRUPATI FORGE LIMITED**

**CIN: L27320GJ2012PLC071594**



**RELATED PARTY TRANSACTION**

## **APPLICABILITY**

The Policy applies to transactions between the Company and one or more of its Related Parties. It provides a framework for governance and reporting of Related Party Transactions including material transactions.

TIRUPATI FORGE LIMITED shall engage with Related Parties on an arm's length basis to leverage scale, size and drive operational synergies to provide value added, innovative products to its consumers while ensuring that transactions with Related Parties are, fully compliant with applicable Regulations.

## **OBJECTIVE OF THE POLICY**

The Policy is intended to ensure the proper approval and reporting of transactions as applicable, between the company and any of its Related Party in the best interest of the company and its stakeholders.

Provisions of this policy are designed to govern the transparency of approval process and disclosures requirement 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 person. Further, the Board may amend this policy from time to time as may be required.

The Audit Committee of Directors ("Audit Committee), shall review, approve and ratify Related Party Transactions based on this Policy in terms of requirement under the above provisions.

## **DEFINITIONS**

**"Arm's length Transactions"** means a transaction between two Related Parties that is conducted as if they are unrelated so that there is no conflict of interest.

**"Audit Committee or Committee"** means Committee of Board of Directors of the Company constituted under provisions of Listing Regulations and Companies Act, 2013.

**"Board"** means the Board of Directors of TIRUPATI FORGE LIMITED, as constituted from time to time.

**"Company"** means a company incorporated under the Companies Act, 2013 or under any previous company law.

**"Control"** shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 2011.

**"Key Managerial Personnel"** means key managerial personnel as defined under the Companies Act, 2013 and includes

- i. Managing Director, or Chief Executive Officer or manager and in their absence, a

- whole –time director
- ii. Company Secretary and
- iii. Chief Financial Officer

**“Ordinary Course of Business”** means a transaction which is:-

- i. Carried out in the normal course of business envisaged in accordance with Memorandum of Association of the Company as amended from time to time
- ii. Historical practise with a pattern of frequency
- iii. Common Commercial Practice of the company or
- iv. Meets any other parameters/criteria as decided by Board/Audit Committee

**“Material Related Party Transaction”** means 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 ten percent of the annual consolidated turnover of the company as per last audited financial statement of the company.

**“Policy”** means Related Party Transaction Policy

**“Related Party”** means Related Party as defined under Section 2 of the Companies Act, 2013, Listing Regulations and/or under the applicable accounting standards, as amended from time to time.

**“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.

Explanation A “transactions” with a related party shall be construed to include single transaction or a group of transaction in a contract.

**“Relative”** means relative as defined under the Companies Act, 2013, as amended from time to time

## **DEALING WITH RELATED PARTY TRANSACTIONS**

Related Party Transactions are prohibited, unless approved or ratified by the Audit Committee and / or the Board of Directors of the Company in accordance with this policy. In dealing with Related Party Transactions, the Company will follow the following approach:

### **A. IDENTIFICATION OF RELATED PARTY TRANSACTIONS**

All Related Party Transactions must be brought to the notice of the Audit Committee of the Company.

Any employee of the Company who is aware of any transaction that is or may be perceived to be a Related Party Transaction is required to bring the same to the attention of the Company Secretary or the Audit Committee of the Company.

All Directors, Members of the Management Committee and Key Managerial Personnel (KMPs) are responsible for informing the Company of their interest in other companies, firms or concerns at the beginning of every financial year and any change in such interest during the year. In addition, all Directors, Members of the Management Committee and KMPs are responsible for providing notice to the Company Secretary of any potential Related Party Transaction involving him/her or his or her relative, including any additional information about the transaction that the Audit Committee may request. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

Such notice of any potential Related Party Transaction should be given well in advance so that the Company Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the Audit Committee.

## **B. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS**

Related Party Transactions permitted once they are approved or ratified by the Audit Committee of the Company in accordance with this policy.

Unless otherwise stated in this policy, all Related Party Transactions require prior approval of the Audit Committee of the Company. All Related Party Transactions must be reported to the Company Secretary who shall submit the same for approval or ratification by the Audit Committee in accordance with this policy.

The Audit Committee shall grant omnibus approval to Related Party Transactions that are:

- repetitive in nature; and/or
- entered in the ordinary course of business and are at Arm's Length. The expression Arm's Length has the meaning ascribed to it under Section 188 of the Companies Act, 2013.

Such omnibus approval will be granted to the transactions which, in addition to meeting the above criteria, also satisfy the following considerations:

- The transaction in question is necessary to be executed as it is in the business interest of the Company;
- There is no comparable vendor or technology available on better or same terms upon a benchmarking exercise having been carried out or the technology, intellectual property or services rendered are proprietary in nature;
- The requisite information is presented to the Audit Committee's satisfaction, to confirm that the transaction is at Arm's Length and in ordinary course of business;

- 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 value and the formula for variation in the value, if any and (iii) such other conditions as the Audit Committee may deem fit;

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

The Audit Committee shall on quarterly basis review the details of the Related Party Transactions entered into by the Company pursuant to the omnibus approval.

In an unforeseen event where a Related Party Transaction, for which Omnibus approval has not been given by the Audit Committee, needs to be entered due to business exigencies between two Audit Committee meetings, the Audit Committee may approve such Related Party Transaction by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

Ratification, if any, of a Related Party Transaction after its commencement or completion will be approved by the Audit Committee in exceptional circumstances only.

A Related Party Transaction entered into without prior approval of the Audit Committee shall not be deemed to violate this policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee for ratification as promptly as reasonably practical after it is entered into and such transaction is ratified.

Any member of the Audit Committee who has a potential interest in any Related Party Transaction will excuse himself or herself and abstain from voting on the approval or ratification of the Related Party Transaction, but may participate in all other discussion of the Audit Committee's discussions on the Related Party Transaction.

All Related Party Transactions that are not in the ordinary course of business or not on arm's length basis shall be referred to the Board of Directors for their approval.

Any such Related Party Transactions shall also be placed for prior approval of shareholders if it exceeds the thresholds as prescribed under the Companies Act, 2013 and rules framed there under.

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.

#### **RELATED PARTY TRANSACTIONS NOT PREVIOUSLY APPROVED**

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 matter shall be reviewed by the 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.

Where any contract or arrangement is entered into by a director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required 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 and if the Contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

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 of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy.

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

### **MATERIALITY THRESHOLDS**

The Listing Agreement requires a company to provide materiality thresholds for transactions beyond which the shareholders' approval will be required by way of a special resolution. 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 the Listing Agreement.

### **DISCLOSURE**

#### **Registers**

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 from the date on which such request is made upon the payment of such fee as may be specified in the articles of the company but not exceeding ten rupees per page.

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.

The Register shall be preserved permanently and shall be kept in the custody of the Company Secretary / Chief Financial Officer of the Company or any other person authorised by the Board of Directors for the purpose.

Details of all material transactions with Related Parties shall be disclosed quarterly along with the compliance report on corporate governance.

The company shall disclose the contract or arrangements entered into with the Related Party in the Board Report to the shareholders along with the justification for entering into such contract or arrangement.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web link thereto shall be provided in the Annual Report.

Disclosures with respect to Related Party Transactions shall be made as per applicable provisions of the Act and or Listing Regulation.

In addition to the above, the Company shall provide details of all Related Party Transactions meeting the materiality threshold on a quarterly basis along with the compliance report on Corporate Governance. Disclose the Related Party transaction Policy on its website. Provide a web link thereto in the Annual Report. Any other disclosures as may be required from time to time.

#### **AMENDMENTS TO THE POLICY:**

The Audit Committee of the Company shall review and may amend this policy from time to time, subject to the approval of the Board of Directors of the Company.

Any or all provisions of this policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail

upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**POLICY REVIEW:**

The Board of Directors reserves the power to review and amend this policy from time to time. Any exceptions to the Policy on Related Party Transactions must be consistent with the Companies Act, 2013, including the Rules promulgated there under and Listing Regulation and must be approved in the manner as may be decided by the Board of Directors.





