



SAMRAT FORGINGS LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors ("the Board") of Samrat Forgings Limited (the "Company" or "SFL"), has adopted the following policy and procedures with regard to Materiality of Related Party Transactions and dealing with related party transactions as defined below.

This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable on the Company.

2. Purpose

As per regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Policy is required to be formulated on materiality of related party transactions and on dealing with related party transactions. As a part of the business activity, the Company deals with entities which are related parties and it is required to disclosed each year in the Financial Statements certain transactions with Related Parties as well as policies concerning transactions with Related Parties. Such transactions are appropriate only if these are in the best interest of the Company and its stakeholders and in compliance with the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between the Company and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

3. Definitions

"Company" means **Samrat Forgings Limited**.

"Audit Committee or Committee" means Committee of Board of Directors of the Company constituted under provisions of SEBI (Listing and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

"Board of Directors" or "Board" in relation to a Company, means the collective body of Directors of the Company. (Section 2(10) of the Companies Act, 2013)

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

"LODR or Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

"Key Managerial Personnel" mean key managerial personnel as defined under the Companies Act, 2013.

"Material Related Party Transaction" means a the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore

or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction to be entered into, either individually or taken together with previous transactions during a financial year, exceeds 5% of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.

“Policy” means this Policy as amended from time to time.

“Related Party” means a related party as defined under the Companies Act, 2013 or rules made thereunder and LODR, as amended from time to time.

“Related Party Transaction” shall mean such transactions as specified under the provisions of the Companies Act, 2013 and LODR including any amendment or modification thereof, as may be applicable.

“Relative” means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family.
- ii. They are husband and wife: or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

“Ordinary Course of Business” means a transaction which:

- a. is carried out in the normal course of business envisaged in accordance with the Memorandum of Association (MOA) of the Company as amended from time-to-time (or)
- b. is a common commercial practice (or)
- c. meets any other parameters/criteria as decided by the Board/ Audit Committee.

“Material Modification” in relation to a Related Party Transaction approved by the Audit Committee or a material related party transaction approved by the Shareholders, as the case may be, material modifications means any variation having an impact on the monetary limits already approved by the Audit Committee or Shareholders, as the case may be, exceeding 20% of transactions, in each case, over and above the approved limits.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation, as amended from time to time.

The terms Director, Chief Financial Officer, Company Secretary, shall have the same meaning as assigned under the Companies Act, 2013.

4.1. Policy

- 4.1.1 All Related Party Transactions shall be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

All Related Party Transactions shall require prior approval of the Audit Committee in accordance with the provisions of the Act and the Listing Regulations for the time being in force before obtaining the approval of the Board of Directors and shareholders, if applicable. It is clarified that any subsequent material modifications of existing Related Party Transactions shall also require prior approval of Audit Committee.

While considering any transaction, the Audit Committee shall take into account all relevant facts and circumstances 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. Prior to the approval, the Committee shall, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- c. Whether the Related Party Transaction includes any potential reputational risks that may arise as a result of or in connection with the proposed transaction; and
- d. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Key Managerial Personnel or other Related Party, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.

While considering the arm's length nature of the transaction, the Committee shall take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee shall take into consideration that subsequent events (i.e. events after the initial transactions have commenced) like evolving business strategies/ short term commercial decisions to improve/ sustain market share, changing market dynamics, local competitive scenario, economic/ regulatory conditions affecting the global/ domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

- 4.1.2 In case of frequent/ regular/ repetitive transactions which are in the normal course of business of the Company, the Audit Committee may grant omnibus approval to such transactions. The omnibus approval shall be subject to the following conditions:

- a) The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of the Company;
- b) 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;

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 the transaction value not exceeding Rs. 1 (one) crore per transaction as prescribed under the Listing Regulations.

- c) Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each omnibus approval.
 - d) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- 4.1.3 The information in respect of proposed Related Party Transactions along with complete details should be submitted by the concerned official / departments / divisions of the Company to the Company Secretary well in advance.
- 4.1.4 The Company Secretary shall review the information and details of the proposed Related Party Transaction and prepare a detailed note. The note so prepared by the Company Secretary shall be circulated to the Audit Committee members for their approval of the respective Related Party Transaction.
- 4.1.5 The Company can enter into a contract or arrangement with a related party, with the approval of the Board, if the transaction does not exceed the following limits or amount or such limits as may be prescribed under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 from time to time:
- a) Sale, purchase or supply of any goods or materials, directly or through appointment of agent amounting to less than 10% of the turnover of the company.
 - b) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent amounting to less than 10% of the net worth of the Company.
 - c) Leasing of property of any kind amounting to less than 10% of the turnover of the company.
 - d) Availing or rendering of any services, directly or through appointment of agent amounting to less than 10% of the turnover of the company.
 - e) Appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs. 2,50,000/-.
 - f) Contract or arrangement in respect of remuneration for underwriting the subscription of any securities or derivatives thereof of the Company less than 1% of net worth of the Company.

Explanation (1) - It is hereby clarified that the limits specified in clauses (a) to (d) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

Explanation (2) - The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

- 4.1.6 Following related party transactions shall require prior approval of the shareholders of the Company through requisite resolution after obtaining the approval from Board of directors.
- a) Transaction exceeding the limits specified in clause 4.1.5 above
 - b) Material related party transactions and subsequent material modifications in the earlier approval Material Related Party Transactions.
 - c) Related Party Transaction which is not in the ordinary course of business or not at arm's length basis

No related party shall vote to approve such resolutions whether the entity is a related party to the particular material related party transaction or not.

The requirement of shareholders' approval shall not be applicable for transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the company and placed before the shareholders at the general meeting for approval.

- 4.1.7 In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

5. Disclosure and Reporting of Related Party Transactions

Every Related Party Transaction entered into by the Company shall be referred to in the Board's report to the shareholders along with justification for entering into such transaction.

The Company Secretary and the Chief Financial Officer shall be, responsible for such disclosure. The Company Secretary shall also make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

6. Scope, Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015/ Companies Act, 2013 or any other statutory enactments, rules, the provisions of such SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015/ Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

The Policy shall be reviewed and recommended by the Audit Committee at least once in every three years or as and when any changes are to be incorporate in the Policy due to changes in the Companies Act/Listing Regulations or as may be felt appropriate by the Audit Committee. Any changes or modification on the Policy as recommended by the Audit Committee would be presented for review and approval of the Board of Directors.

The Policy will be available at the Company's website at www.samratforgings.com

Amended and adopted by the Board of Directors on August 13, 2022.