

RAJASTHAN TUBE MANUFACTURING COMPANY LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

1. Preamble

Rajasthan Tube Manufacturing Company Limited (“the company”) has always been committed to good corporate governance practices. The Board of Directors has adopted this policy upon recommendation of the Audit Committee. The said policy includes the manner of dealing with related party transactions and determining the materiality of related party transactions.

This policy applies to transactions between the Company and one or more of its Related Parties. Such transactions are appropriate only if they are in the best interest of the company and its shareholders.

This Policy shall replace the previous Policy on Related Party Transactions recommended by the Audit Committee of Board of Directors of the company.

2. Purpose

This Policy is framed as per the requirement of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter called as LODR) and intended to ensure the proper approval and reporting of transactions between the company and its related parties.

3. Definitions

“Act” means Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

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

“Audit Committee” means Committee of Board of Directors of the company.

“Board” means the Board of Directors of the Company.

“Company” means Rajasthan Tube Manufacturing Company Limited.

“Key Managerial Personnel ‘’ means the Key Managerial Personnel as defined under the Companies Act, 2013 and the rules made thereunder.

“Material Related Party Transaction” means a material transaction has defined in regulation 23 (1) of LODR or any other law or regulation including any amended or modification thereof, as may be applicable.

“Related Party” means related party as defined under the Act and LODR.

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

“Relative” means a relative as defined under the Act.

Any other term not defined herein shall have the same meaning as defined under the Companies Act, 2013, LODR, Securities Contract Regulation Act or any other applicable law or regulation.

4. Policy

This policy aims to determine the materiality of Related Party Transactions and to deal with Related Party Transactions.

(a) Identification of Related Party Transactions

Every Director and KMP shall at the beginning of financial year disclose to the Company Secretary of the Company their related parties and disclose any changes thereto during the financial year immediately on becoming aware of such changes.

Every Director and KMP will be responsible for providing prior notice to the Audit Committee or the Board of any potential related party transaction involving him/her or his/her Relative, including any additional information about the transaction that the Audit Committee or the Board may reasonably require.

The Audit Committee or Board will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy. Such notice should be submitted to the Audit Committee or the Board well in advance so that the Audit Committee or the Board has adequate time to obtain and review information about the proposed Related Party Transaction.

(b) Review and Approval of Related Party Transactions

i. Audit Committee

All related party transactions require prior approval of the Audit Committee. However, the Company may obtain omnibus approval from the Audit Committee for such transactions, subject to compliance with following conditions :

- The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Policy and such approval shall be applicable in respect of repetitive transactions;
- The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
- The omnibus approval shall provide details of :

(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

However, in case of related party transactions which cannot be foreseen and where the above details are not available. Audit Committee may grant omnibus approval provided the value does not exceed Rs.1 crore per transaction;

- 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 of one year and shall require fresh approval after the expiry of one year.

While Regulation 23(5) of LODR provides that the requirement for seeking approval of the Audit Committee shall not be applicable to transactions between the Company and its wholly owned subsidiary/ies whose accounts are consolidated with Company and placed before the Shareholders at a General Meeting, no such exemption has been provided under the Companies Act, 2013. As such, transactions between the Company and its wholly-owned subsidiaries would also require approval of the Audit Committee.

ii. Board of Directors

If the Audit Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to review and approval of the matter by the Board of Directors, with such modifications as may be necessary or appropriate under the circumstances.

Any member of the Board who has a potential conflict of interest in any Related Party Transaction will not remain present at the meeting or shall abstain from discussion and voting on the approval of such related party transaction and shall not be counted in determining the presence of quorum when such Transaction is considered.

iii. Shareholders

All kinds of transactions specified under Section 188 of the Act which

- (a) are not in the ordinary course of the business and not at arm's length price ; and
- (b) exceed the threshold limits laid down in Companies(Meetings of Board and its Powers) Rules, 2014, would be placed before the shareholders for their approval.

5. Related Party Transactions not previously approved

Whenever the Company becomes aware of a Related Party Transactions that has not been approved or ratified under this policy, the transaction should be placed as promptly as practicable before the Audit Committee or the Board of Directors or the shareholders as may be required in accordance with this policy for review and ratification.

The Audit Committee or the Board of Directors or the Shareholders shall consider all the relevant facts and circumstances of 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 actions as the audit committee deems appropriate under the circumstances.

6. Disclosures

Details of any Material Related Party Transactions shall be disclosed to the stock exchange quarterly along with the compliance report on corporate governance.

The details of Related Party Transaction(s) which are not in the ordinary course of business and/or not at Arm's length shall be disclosed in the Board's Report along with justification for entering into such transactions.

The Company shall disclose the policy on its website and weblink shall be provided in the Annual Report.

7. Effective Date

The Policy as approved by the Board of Directors shall be effective from December 1, 2015.

8. Amendment in Law

Any subsequent amendment/modification in the Listing Agreement and/or applicable laws in this regard shall automatically apply to this policy.