



POLICY OF RELATED PARTY TRANSACTIONS

As envisaged under Regulation 23 of the SEBI LODR Regulations (together referred to as “the applicable laws”), the Company formulates the following Policy on –

- (a) Dealing with related party transactions; and
- (b) Materiality of related party transactions.

No Related Party Transaction may be entered into by the Company except in accordance with the provisions of this Policy.

DEFINITIONS:

“The Act” means the Companies Act, 2013, together with the Rules notified thereunder including any statutory modifications or re-enactments thereof for the time being in force (hereinafter referred to as “Act”).

“Accounting Standards” means the standards of accounting or any addendum thereto for companies or class of companies referred to in Section 133 of the Act.

“Subsidiary company” or “Subsidiary “ means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Explanation.—For the purposes of this clause,—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the Directors;
- (c) the expression “company” includes any Body-corporate;
- d) “layer” in relation to a holding company means its subsidiary or subsidiaries;

“Associate Company” in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

“Policy” means Policy on Related Party Transactions.

“Board” means Board of Directors of the Company.

“Key Managerial Personnel” or “KMP” means:

- (i) The Chief Executive Officer (CEO) or the Managing Director or the Manager as defined under the Act;
- (ii) The Company Secretary;
- (iii) The Whole-time director;
- (iv) The Chief Financial Officer (CFO);

“Related Party”

An entity shall be considered as “Related Party” to the Company if:

- a) Such entity is a related party under Section 2(76) of the Companies Act, 2013; or
- b) Such entity is a related party under the applicable Accounting Standards issued by the Institute of Chartered Accountants of India; or
- c) Provided that:
any person or entity forming a part of the promoter or promoter group of the listed entity; or
any person or any entity, holding equity shares of ten per cent or more in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.

“Related Party”, under Section 2(76) of Companies Act, 2013 with reference to this Company, means—

- i. a director of this Company or his relative;
- ii. a key managerial personnel of this Company 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 of this Company or manager is a director and holds along with his relatives, more than two per cent of that company’s 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 of this Company or manager;
- vii. any person on whose advice, directions or instructions a director of this Company or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given by one or more of these persons in a professional capacity;

- viii. any company which is—
 - (a) a holding, subsidiary or an associate company of this Company; or
 - (b) a subsidiary of a holding company to which this Company is also a subsidiary.

Further, as per the Companies (Specification of Definition details) Rules, 2014, a Director or Key Managerial Personnel of the holding company or his relative shall also be deemed to be a related party.

“Related party transaction” under Regulation 23 of the SEBI LODR Regulations

means a transaction involving a transfer of resources, services or obligations between:

- I. a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- II. a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from April 1, 2023;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

- a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
- i. payment of dividend;
 - ii. subdivision or consolidation of securities;
 - iii. issuance of securities by way of a rights issue or a bonus issue; and
 - iv. buy-back of securities.

“Secretary” means Company Secretary of Rolcon Engineering Company Limited, who also acts as Secretary of the Audit Committee.

“Relative” as per Section 2(77) of Companies Act, 2013 means, with reference to any person, means anyone who is related to another, if

- They are members of a Hindu Undivided Family
- They are husband and wife

Further as per Rule 4 of Companies (Specification of Definition Details) Rules, 2014, a person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

1. Father; including step-father
2. Mother; including step-mother
3. Son; including step-son
4. Son’s wife
5. Daughter
6. Daughter’s husband
7. Brother, including step-brother;
8. Sister, including step-sister.

“Committee” shall mean the Audit Committee of the Company constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI LODR Regulations.

“Specified Related Party Transactions” means:

- 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) related party's appointment to any office or place of profit (OPP) in the Co., its Subsidiary Co. or Associate Co.; and
- g) underwriting the subscription of any securities or derivatives thereof, of the company

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

“Office or place of profit” means any office or place

- i. where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise.

RELATED PARTY TRANSACTIONS POLICY:

The Policy is intended to:

1. List out the related parties and update this from time to time.
2. Study the materiality of Related Party Transactions and also regarding dealing with Related Party Transactions.
3. To seek approvals of the Audit Committee/Board/Shareholders, where necessary.
4. To make the necessary disclosures in the public domain as required under SEBI LODR Regulations.

IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTIONS:

Each Director and Key Managerial Personnel would be responsible for making the required disclosures to enable this Company identify entities that would be related parties as against this Company.

MATERIAL RELATED PARTY TRANSACTION:

A transaction with a related party shall be **considered material**, if the transaction(s) 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**.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed 5{five} percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

REVIEW AND APPROVAL PROCESS:

Approval of the Audit Committee:

All Related Party Transactions must be reported to the Company Secretary /Secretary of the Audit Committee.

All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity

Only those members of the audit committee, who are independent directors, shall approve related party transactions.

The audit committee of a listed entity shall define "material modifications" and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

Material Modification means 10% of change over the material related party transaction as defined in the SEBI Regulations. The Audit Committee is empowered to make necessary amendment relating to such percentage, as and when deem necessary.

A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

A related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

Audit committee may grant **OMNIBUS APPROVAL** for related party transactions proposed to be entered into by the listed entity subject to the following conditions, namely-

- a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- c) the omnibus approval shall specify:
 - I. the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall 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 their value not exceeding rupees one crore per transaction.

- d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

Approval of the Board:

Prior consent of the Board by way of a Resolution is required for the following Related Party Transactions as per Section 188(1) read with Section 2(76) of the Companies Act, 2013:

- a) sale, purchase or supply of any goods / materials less than 10% of turnover or Rs 100 Cr, whichever is lower
- b) selling or otherwise disposing of / buying, property of any kind which is less than 10% of Net Worth or Rs 100 Cr, whichever is lower
- c) leasing of property of any kind which is less than 10% of Net Worth or 10% of Turnover or Rs 100 Cr, whichever is lower
- d) availing / rendering of any services less than 10% of Turnover or Rs 50 Cr, whichever is lower
- e) Appointment of any agent for purchase / sale of goods, materials, services or property (limits in accordance with (a), (b) and (d) above, as the case may be).
- f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and related party transactions which is less than Rs 2.50 Lakh per month
- g) Underwriting the subscription of any securities or derivatives thereof, of the company which is less than 1% of Net Worth

No director who is interested in any such contract or arrangement shall be present at the meeting during discussions on the subject matter of the Resolution proposed for Board Approval.

Approval by the shareholders:

As per the Companies Act 2013

The Company shall not enter into a transaction or transactions without prior approval of the Shareholders by Special Resolutions, if:

- a) Sale, purchase or supply which is more than 10% of turnover or Rs 100 Cr, whichever is lower
- b) Selling or buying property which is more than 10% of Net Worth or Rs 100 Cr, whichever is lower
- c) Leasing of property which is more than 10% of Net Worth or 10% of Turnover or Rs 100 Cr, whichever is lower
- d) Availing or rendering service through agent which is more than 10% of Turnover or Rs 50 Cr, whichever is lower
- e) Appointment to office of profit at monthly remuneration of more than Rs 2.50 Lakh
- f) Remuneration for Underwriting of subscription of securities which is more than 1% of the Net Worth

As per the LODR 2015

All material related party transactions and subsequent material modifications as defined by the audit committee shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

EXCEPTIONS:

Any Specified Related Party Transactions which are in the ordinary course of business of a company and on arm's length basis do not require any Board Approval or Shareholder's Approval. Specified Related Party Transactions which are (1) in the ordinary course of business of a company but are not on arm's length basis; or (2) not in the ordinary course of business of a company (irrespective of whether on arm's length basis or not) shall require prior Board as well as Shareholder's Approval.

FACTORS TO BE CONSIDERED WHILE DEALING WITH RELATED PARTY TRANSACTIONS:

In determining whether to approve or ratify a Related Party Transaction, the Committee, the Board or Shareholders will consider the following factors, among others, to the extent relevant to the Related Party Transactions:

1. Whether the transaction with the Related Person is proposed to be entered into (or was entered into) on terms no less favourable to the Company than terms that could have been reached with an unrelated third party;
2. The purpose of, and the potential benefits to the Company of, the transaction.
3. Whether the Related Party Transaction would impair the independence of an otherwise independent director;
4. Whether the Related Party Transactions would present an improper conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the direct or indirect nature of the director's or Key Managerial Personnel's or their relatives' interest in the transaction and the ongoing nature of any proposed relationship and any other factor(s) the Committee deems relevant.

In any case where the Committee determines not to approve a Related Party Transaction, which comes for its approval, the Committee may direct modification of the transaction in a way to make it acceptable for approval. Further, the Committee will have authority to modify or waive any procedural requirements of this Policy.

DISCLOSURES

If a Company enters into any Specified Related Party Transactions which are not covered by exceptions then such contracts or arrangements shall be referred to in the Board's report to the shareholders along with a justification for entering into such contract or arrangement

The Agenda of the Board Meeting at which such Resolution is proposed shall contain relevant Disclosures as required under the Companies Act and SEBI LODR Regulations. Further, the Statement to be annexed to the Notice of a general meeting convened pursuant to Section 101 of the Companies Act, 2013 shall contain the relevant particulars as may be required.

The Company shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website every six months on the date of publication of its standalone and consolidated financial results