



GANGA FORGING LIMITED
POLICY ON RELATED PARTY TRANSACTIONS¹
**(Policy on materiality of Related Party Transactions and on
dealing with Related Party Transactions)**

¹The Policy was last reviewed and updated by the Board of Directors on 20th April, 2024

1. Preamble

This Policy on Related Party Transactions also known as Policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (herein referred to as this “Policy”) has been adopted by the Board of Directors of the Company in order to set forth the procedures under which Related Party Transactions are to be carried on.

Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (herein referred to as the “SEBI Listing Regulations”) mandates formulation of Policy on Materiality of transactions with Related Parties and dealing with Related Party Transactions. As part of its corporate governance practices, the Board of the Company has adopted this Policy with regard to Related Party Transactions.

2. Objective of the Policy

The Board of Directors (“the Board”) of GANGA FORGING LIMITED (“GANGA” or “the Company”), after considering the recommendation of the Audit Committee, has adopted this policy and associated procedures with regard to Related Party Transactions, in line with the requirements of the Companies Act, 2013 and the Listing Regulations.

This Policy is intended to ensure systematic identification, approval and / or reporting of transactions, as applicable, between the Company and any of its Related Parties in the best interest of the Company and its stakeholders.

3. Definition

- I. “Act” means the Companies Act, 2013 and the rules framed thereunder, including any modifications, amendments, clarifications, circulars thereof.
- II. “Arm’s Length Basis” in pursuance of Explanation (b) to section 188 (1) of the Act, means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
- III. “Key Managerial Personnel” or “KMP” as provided in section 2(51) of the Act.
- IV. “Material Related Party Transaction” in pursuance of
 - a) Section 188(1) of the Act read with the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, means:

Sl. No	Transaction or contract or arrangements for	Threshold Limits
1.	Sale, purchase or supply of any goods or materials, directly or through appointment of agent	10% or more of turnover of the Company
2.	selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent	10% or more of net worth of the Company

3.	leasing of property of any kind;	10% or more of Turnover of the Company
4.	availing or rendering of any services, directly or through appointment of agent	10% or more of Turnover of the Company
5.	such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company;	Where monthly remuneration exceeds Rs. 2,50,000/-
6.	underwriting the subscription of any securities or derivatives thereof, of the company:	For amount exceeding 1% of net worth of the Company

Explanations:

- i. The limits specified in clause (1) to (4) above shall apply for the transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
 - ii. The Turnover or Net worth shall be computed on the basis of the Audited Financial Statements of the preceding financial year.
- b) In terms of Regulation 23 of the SEBI Listing Regulations, 'Material Related Party Transactions' means a transaction with a Related Party, where 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 percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Further, 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 five percent of the annual consolidated turnover as per the last audited financial statements of the Company.

V. **"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.

- VI. **“Ordinary Course of Business”** shall cover all the usual transactions, customs and practices of the Company and / or its line of business.
- VII. **“Related Party”** means a related party as defined under Section 2(76) of the Act, Regulation 2(zb) of SEBI Listing Regulations and under the applicable accounting standards.
- VIII. **“Relative”** means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under;
- IX. **“Related Party Transactions”** means all transactions between the Company on one hand and one or more Related Party(ies) on the other hand including contracts, arrangements and transactions as envisaged in Section 188(1) of the Companies Act, 2013 and/or Regulation 2(1)(zc) of the SEBI Listing Regulations.

4. Identification of Potential 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 Secretary 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.

5. Review and Approval of Related Party Transactions:

The criteria for approval of Related Party Transactions will be applicable as per the provisions of Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

I. Audit Committee (AC):

All Related Party Transactions including subsequent material modifications, if any shall be normally entered into with the prior approval of the Audit Committee. Such RPTs shall be placed before the Audit Committee, accompanied with the Management's justification for the entering into the same along with all relevant information. Before approving such transactions, the Audit Committee will look into the interest of the Company and its stakeholders in carrying out the transactions and the benefits of the same. The Audit Committee may, thereupon, approve, reject or approve subject to modifications, such RPTs, in accordance with this Policy and / or recommend the same to the Board for approval. It is pertinent to note that only those members of the audit committee, who are independent directors, shall approve related party transactions.

II. Omnibus approval by the Audit Committee:

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 –

- i. Such approval shall be applicable in respect of transactions which are repetitive in nature;
- ii. 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;
- iii. the omnibus approval shall specify:
 - (a) The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - (b) The indicative base price / current contracted price and the formula for variation in the price if any; and
 - (c) 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.

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

III. Board of Directors

- i. All Related Party Transactions and subsequent material modifications, if any specified under section 188(1) of the Act shall be subject to prior approval of the Board of Directors through the Audit Committee, by way of resolutions passed at Board Meetings, unless the transactions are entered into:
 - (i) in the Ordinary Course of Business; and
 - (ii) are conducted on Arm's length basis.

- ii. In addition, 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 the Board to approve the Related Party Transaction, then the Board shall consider and approve such Related Party Transaction(s).
- iii. All criteria contained in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 in relation to the contents of the Board agenda for approval of such RPTs must be complied with.
- iv. Every Director / KMP of the Company, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- v. Where any Director / KMP, who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, shall disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he/she becomes so concerned or interested.
- vi. Every contract or arrangement entered into with a Related Party under section 188(1) of the Act shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

IV. Shareholders:

- i. All Material Related Party Transactions and subsequent material modifications, if any shall require prior approval of the shareholders through a resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
- ii. The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, also include Justification for why the proposed transaction is in the interest of the Company any other information that may be relevant.

V. Approval Mechanism of Related Party Transactions:

Nature of Transactions	Approval Authority
All Related Party Transactions and any subsequent material modification, which are in ordinary course of business and on arm's length basis	<ul style="list-style-type: none"> • Prior approval of Audit Committee • Information to the Board • Prior approval of shareholders by way of resolution if such RPTs are "Material Related Party Transactions"
RPTs which are not in ordinary course of business or not on arm's length basis or both	<ul style="list-style-type: none"> • Prior approval of Audit Committee • Prior approval by the Board • Prior approval of shareholders by way of resolution if such RPTs are "Material Related Party Transactions"

VI. Ratification of Related Party Transactions:

- i. If prior approval of the Audit Committee / Board / shareholders for entering into a Related Party Transaction is not feasible owing to insufficient time and also other administrative inconvenience, then such Related Party Transactions shall be recommended by the Audit Committee for ratification to the Board and/or shareholders within 3 months of entering into the Related Party Transaction.
- ii. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Audit Committee / Board / shareholders and if it is not ratified by the Audit Committee or 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 Audit Committee or the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director or employee of the Company, the Directors or employee concerned shall indemnify the company against any loss incurred by it.

6. REGISTERES AND DISCLOSURES:

- I. The Company Secretary of the Company shall maintain a register, either physically or electronically, as prescribed in the Act, giving details of all contracts or arrangements to which this Policy applies.
- II. 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, particulars relating to his / her concern or interest in the other associations which are required to be included in the register maintained.
- III. The Company shall submit to stock exchanges disclosure of related party transactions in the format as specified by the SEBI from time to time and publish the same on its website.
- IV. The Company shall disclose the policy on its website and a web link thereto shall be provided in the Annual Report.

7. REVIEW AND AMENDMENTS

- I. The Board of the Company shall review the Policy including clear threshold limits provided in the policy, at least once every three years and amend/ update, accordingly.
- II. This Policy shall stand amended in terms of the Act including the Companies (Meetings of Board and its Powers) Rules, 2014, SEBI Listing Regulations and applicable Accounting Standards. In the event of any conflict between this Policy and the applicable law, the applicable law shall prevail.