

POLICY ON MATERIALITY OF RELATED PARTY TRANSACTION AND DEALING WITH RELATED PARTY TRANSACTION

□ INTRODUCTION

The Board of Directors ('the Board') of RAGHAV PRODUCTIVITY ENHANCERS LIMITED (Formerly Raghav Ramming Mass Limited) ('the Company') has approved and adopted this policy on materiality of related party transactions and on dealing with related party transactions under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) 2015 ('the Regulations'), to be effective from 01st December 2015.

The Audit Committee will review the Policy as and when required and recommend to the Board for their approval the amendments to be made in the Policy from time to time.

□ OBJECTIVE OF THE POLICY

The Company recognizes that Related Party Transactions (as defined below) can present potential or actual conflicts of interest and may raise questions about whether such transactions are in the best interest of the Company and its shareholders. Therefore, this policy has been adopted by the Company's Board of Directors, to ensure high standards of Corporate Governance while dealing with Related Parties (as defined below) and sets forth the procedures under which the RPT must be reviewed, approved or ratified and reported.

□ DEFINITIONS

1. **'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.
2. **'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.

Explanation: For the purposes of this definition, 'significant influence' means control of at least 20% of the total share capital, or of business decisions under an agreement.

3. **"Related Party"** means a Related Party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.
4. **"Relative"** means relative as defined under the sub-section 77 of Section 2 of Companies Act, 2013 and includes anyone who is related to another, if –
 - They are Members of a Hindu Undivided Family;
 - They are Husband and Wife; or
 - Father (including step-father)
 - Mother (including step-mother)
 - Son (including step-son)
 - Son's wife
 - Daughter
 - Daughter's husband

- Brother (including step-brother)
- Sister (including step-sister)

5. Related Party” means related party as defined under sub-section 76 of Section 2 of Companies Act, 2013 or under applicable accounting standards.

A 'related party' is a person or entity that is related to the Company. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

- A. A person or a close member of that person's family is related to a company if that person:
 - I. is a related party under Section 2(76) of the Companies Act, 2013 which are as follows:
 - i. a director or his relative;
 - ii. a key managerial personnel 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 or manager is a director and holds along with his relatives, more than two per cent of its 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 or manager;
 - vii. any person under whose advice, directions or instructions a director or manager is accustomed to act: Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - viii. anybody corporate which is—
 - a holding, subsidiary or an associate company of such company;
 - a subsidiary of a holding company to which it is also a subsidiary; or
 - an investing company or the venturer of the company;

Explanation: For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
 - ix. Such other person as may be prescribed shall include a Director other than an Independent Director or Key Managerial Personnel of the Holding Company or his relative with reference to a Company, shall be deemed to be a related party.

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

6. **“Material Related Party Transaction”** means a transaction with a related party 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 income of the company as per the last audited financial statements of the listed entity.

7. Transactions in “ordinary course of business” shall mean and include- -

- ☐ Transactions that are entered in the normal and usual course of business and are identical to the business of the company.
- ☐ Transactions that are reasonable in the context of the business of the company. Transactions that are part of the standard industry practice.

8. “Audit Committee” means a committee of the Board of Directors of the Company as constituted under the relevant provisions of the Companies Act, 2013 and the Regulations, to function as an audit committee.

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

10. “Industry Standards” shall mean the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” as notified by SEBI vide its circular dated February 14, 2025.

Any other term not defined herein shall have the same meaning as defined in the Act, the SEBI Listing Regulations or any other applicable law or regulation, each as amended.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

A. Identification of Transaction with related Parties

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 read with Section 177 of the Act and Regulation 2(1)(zc) of the SEBI Listing Regulations. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm’s length basis and for this purpose, the Company will seek external expert opinion, if necessary.

Once the related party transactions are identified, the Management shall categorize the transactions under the following categories as per the Industry Standards and place applicable disclosures before the Committee seeking approval:

- a. Material Related Party Transactions
- b. Other Related Party Transactions, but with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest.
- c. Residual Related Party Transactions.

B. Approval of The Audit Committee(“AC”)

Related party transactions are regularly referred to the scheduled meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction shall not participate / abstain from discussions / voting on the subject matter involving approval of Related Party Transaction.

All the transactions which are identified by the Audit Committee as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit committee shall consider the following factors while deliberating the

related party transactions for its approval: -

- Name of party and details explaining nature of relationship;
- Duration of the contract and particulars of the contract and arrangement;
- Nature of transaction and material terms thereof including the value, if any;
- Manner of determining the pricing to ascertain whether the same is on arm's length;
- Business rationale for entering into such transaction;
- Any other information relevant or important for the Board to take a decision on the proposed transaction.

Any member of the Committee who has a potential interest in any Related Party Transaction will recuse himself and abstain from discussion and voting on the approval of the Related Party Transaction. If the Committee determines that the related party transaction is

- (i) a material related party transaction; or
- (ii) transactions are not in the ordinary course of business or not at the arm's length price, the Audit Committee shall place the matter before the Board for obtaining its approval.

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

- Whether the terms of the Related Party Transaction are **fair and on arm's length basis** to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether there are any **compelling business reasons / rationale** for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- Whether the Related Party Transaction would **affect the Independence of an Independent Director**; Whether the proposed transaction includes **any potential reputational risk issues** that may arise as a result of or in connection with the proposed transaction;
- Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre- approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
- Whether the Related Party Transaction 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 overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, 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 Board/Committee deems relevant.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed

to be entered into by the Company subject to the following conditions:

- 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 Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- c) 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 their value not exceeding Rs.1 Crore (Rupee One Crore) per transaction.

- d) 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.
- e) Such omnibus approvals shall be valid for a period not exceeding 1 (one) year and shall require fresh approvals after the expiry of 1 (one) year.

C. Approval of The Board Of Directors Of The Company

As per the provisions of Section 188 of the Act, all kinds of transactions specified under the said Section and which are not in the ordinary course of business and at arm's length basis, are placed before the Board for its approval.

In addition to the above, the following kinds of transactions with related parties are also placed before the Board for its approval:

- i. Transactions which may be in the ordinary course of business and at arm's length basis, but which are as per the policy determined by the Board from time to time (i.e. value threshold and/or other parameters) require Board approval in addition to Audit Committee approval;
- ii. Transactions in respect of which the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/or at arm's length basis and decides to refer the same to the Board for approval;
- iii. Transactions which are in the ordinary course of business and at arm's length basis, but which in Audit Committee's view requires Board approval;
- iv. Transactions meeting the materiality thresholds, which are required to be placed before

the shareholders for approval.

D. Approval of Shareholders of the Company

All the transactions with related parties exceeding the materiality thresholds, laid down in the Policy, are placed before the shareholders for approval. In case Board refers a Related Party Transaction for seeking approval of the Shareholders as per the provisions of Companies Act 2013 or otherwise, if any member of Company is a related party as per this policy, such member of the Company shall not vote on resolution passed for approving such related party transaction.

Transactions which do not require approval

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

- (a) Any transaction involving the providing of compensation to a director or Key Managerial Personnel in connection with his duties to the Company including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- (b) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- (c) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material.

DISCLOSURE REQUIREMENTS

- i. Details of all material RPTs shall be disclosed to stock exchange half-yearly along with the compliance report on corporate governance.
- ii. The Company shall disclose the policy on dealing with Related Party Transaction on its website and web-link shall be provided in the Annual Report.
- iii. Also disclosure of RPTs must be made as required under the relevant provisions of the Listing Regulations.
- iv. Disclosure with regard to the RPTs must also be made in accordance with the provisions of the Companies Act, 2013.

□ LIMITATION AND AMENDMENT

- In the event of any conflict between the provisions of this Policy and of the Listing Regulations or the Companies Act, 2013, the provisions of such Listing Regulations or the Companies Act, 2013 shall prevail over this Policy.
- The Board reserves its right to amend or modify this Policy in whole or in part, at any time, when it deems appropriate, in accordance with any amendment to the applicable provisions of Companies Act, 2013, including rules thereof and / or the provisions of the Listing Agreement.
- This Policy will be communicated to all operational employees and other concerned persons of the Company and shall be placed on the website of the company at www.rammingmass.com

□ POLICY REVIEW

The Audit Committee may review this policy from time to time and recommend any changes to the board for approval.

**Related Party Transaction policy was review and approved by the Board in its Meeting held on 1st December, 2015*

**Related Party Transaction policy was review and approved by the Audit Committee in its Meeting held on 19th January, 2021*

**Related Party Transaction policy was review and approved by the Audit Committee in its Meeting held on 20th January, 2025*