

# Forbes & Company Limited

## RELATED PARTY POLICY

### I INTRODUCTION

The Companies Act, 2013 and the Rules framed thereunder contains provisions relating to compliances with respect to related party transactions. SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015 ("SEBI LODR") requires that every company should formulate a Related Party Policy (Policy).

The purpose of such Policy is to ensure an effective system of checks and balances and a disclosure process to encourage transparency, adoption of best governance practices and that all Related Party Transactions are in the best interests of all the members.

### II DEFINITIONS

"Act" shall mean the Companies Act, 2013 as amended from time to time and the Rules framed thereunder.

"Arm's Length Transaction" shall mean a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

"Audit Committee" shall mean the Audit Committee of the Board. "Board" shall mean the Board of Directors of the Company. "Company" shall mean Forbes & Company Limited.

"Key Managerial Personnel" or "KMP" shall mean:

- i. The Chief Executive Officer or the Managing Director or the Manager or the Whole Time Director;
- ii. The Company Secretary;
- iii. The Chief Financial Officer; and
- iv. Any other person appointed as the KMP by the Board.

"Material Related Party Transactions" shall mean transaction/transactions to be entered into individually or taken together with previous transactions during a financial year exceeding ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

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(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percentage of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

**“Omnibus Approval”** shall mean a blanket pre activity approval by the Audit Committee subject to compliance of the conditions as laid in this Policy.

**“Ordinary Course of Business”** shall mean a transaction which is carried out in the normal course of business by the Company or is an activity as envisaged in the Memorandum of Association of the Company as amended from time to time.

**“Related Party”** shall have the same meaning as defined under Section 2(76) of the Act and/or the applicable accounting standards or SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**“Related Party Transactions” or “RPT”** shall mean all transactions between the Company and one or more related party including contracts, arrangements and transactions as provided in Section 188(1) of the Act and/or Regulation 2(zc) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**“Relative”** shall have the same meaning assigned to in Section 2(77) of the Act.

**“Transaction”** shall mean to include a single transaction or a group of transactions in a contract.

### III POLICY

- i. Company Secretary (CS) shall request a disclosure from each Director and each KMP on an annual basis. If there is any change in status from the disclosure made by Director and/or KMP, the concerned Director or KMP shall promptly notify the CS. Once the changes are intimated/notified, CS shall note, document and intimate it to Corporate Finance Team for monitoring.
- ii. RPT by the Company with related parties shall require prior approval of the Audit Committee unless it is covered under Omnibus Approval granted by the Audit Committee as below.
- iii. Omnibus Approval may be granted by the Audit Committee if following conditions are satisfied:
  - a) Such RPTs are repetitive in nature;
  - b) Such an approval is expedient and is in the interest of the Company;
  - c) The approval should specify the (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.

In case the need for RPT cannot be foreseen and the aforesaid details are not available, an omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore for each of Related

Parties;

- d) The Audit Committee shall review the details of RPTs entered into by the Company pursuant to Omnibus Approval/s on a quarterly basis; and
- e) Validity of Omnibus Approvals shall be reviewed and renewed periodically by the Audit Committee.

- iv. The Audit Committee shall on a quarterly basis review all the RPTs.
- v. In case any transaction with a Related Party is either not in the ordinary course of business or is not at arm's length or both, the Company shall comply with the provisions of the Act and the Rules framed thereunder and obtain approval of the Board and its shareholders, as applicable.
- vi. In case of any Material Related Party Transaction, the approval of the shareholders by way of resolution is also required irrespective of the fact whether the transaction is in the ordinary course of business or arm's length or both and no Related Party shall vote to approve such resolutions whether the related entity is a related party to the particular transaction or not:  
Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchange within one day of the resolution plan being approved.
- vii. The Audit Committee shall have the discretion to recommend/refer any matter relating to any RPT to the Board for its approval.

#### **IV COMPLIANCE**

- i. Every person associated with RPTs shall be accountable for compliance with this Policy.
- ii. In case of breach of Policy, Audit Committee may initiate appropriate action against the person/s responsible.

#### **V APPLICABILITY**

This Policy applies to all the transactions of the Company with related parties and shall be effective from October 1, 2014.

#### **VI INTERPRETATION & REVIEW**

- i. Subject to the superintendence of the Board, this Policy shall be interpreted and administered by the Audit Committee.
- ii. The provisions of the Act and SEBI LODR shall be deemed to have been

mutatis mutandis specifically incorporated in this Policy and in case any of the provision of this Policy is inconsistent with the provisions of Act and/or SRBI LODR, the provisions of Act and/or SEBI LODR shall prevail.

- iii. The capitalized words not specifically defined in the Policy shall have the same meaning as under the Act or SEBI LODR.
- iv. For interpretation of this Policy, reference and reliance may be placed upon circulars/clarifications issued by the Ministry of the Corporate Affairs or SEBI and/or any other authority.
- v. The Audit Committee may review the Policy from time to time and make recommendations for amendment as it may deem appropriate.