

MATERIAL RELATED PARTY TRANSACTIONS POLICY (Adopted by the Board of Directors on 8th November, 2014)

1. INTRODUCTION & PURPOSE

The Board of Directors (the “Board”) of Maithan Alloys Limited (the “Company”), has adopted the following policy and procedures with regard to Related Party Transactions (including materiality of related party transactions and dealing with related party transactions). The Audit Committee will review and shall, from time to time, recommend amendments, if any, in this policy to the Board.

This policy provides a framework to regulate transactions between Maithan Alloys Limited and its Related Parties based on the applicable laws and regulations applicable on the Company.

This policy is primarily framed based on the revised Clause 49 (vide SEBI circular dated 17.04.2014 and 15.09.2014) of the Listing Agreement entered by the Company with the Stock Exchanges (the “LA”) and the provisions of Companies Act, 2013 (the “Act”) including Rules made there under, and are primarily intended to ensure the governance and reporting of transactions between the Company and its Related Parties.

2. DEFINITIONS

“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 purpose of this clause, “significant influence” means control of at least twenty percent of total share capital, or of business decisions under an agreement.

“Audit Committee or Committee” means “Audit Committee” constituted by the Board of Directors of the Company under the provisions of Listing Agreement and the Companies Act, 2013, from time to time.

“Board of Directors” or “Board” means the Board of Directors of Maithan Alloys Limited, as constituted from time to time.

“Key Managerial Personnel” or “Key Management Personnel (KMP) means Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made there under and includes:

- (i) Managing Director, or Chief Executive Officer or Manager and in their absence, a whole-time director;
- (ii) Company Secretary; and
- (iii) Chief Financial Officer

“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 turnover of the company as per the last audited financial statements of the company.

“Policy” means this Policy on Related Party Transactions.

“Related Party” shall mean

- Persons and Entities identified as per the revised clause 49 (VII) (B) of the Listing Agreement with the Stock Exchange, and
- Persons and Entities as defined under section 2(76) of the Companies Act, 2013.

Transactions on an `Arm`s length basis` shall mean and include-

- a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

4. POLICY

4.1. Identification of Related Party

Each Director and Key Managerial Personnel shall provide Notice to the Company regarding, persons and entities to be considered as `Related Parties`. Such Notice shall be provided to the company at the time of their appointment and also at the time of first board meeting in every financial year and whenever there is any change in the disclosures already made.

4.2. Identification of Potential Related Party Transactions

On the basis of notices received from Directors and Key Managerial Personnel and the requirements of provisions of applicable laws, the Management shall identify and provide notice to the Audit Committee or Board, as may be required, of any potential Related Party Transaction with any person or entity as informed by the Director/KMP under clause 4.1 above, AND other entities in which the Company is interested so as to qualify them under the definition of Related Party, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

4.3. Review and Approval of Related Party Transactions

All Related Party Transactions must be reported to the Audit Committee for its prior approval in accordance with this Policy. The Committee shall review the transaction and recommend the same for approval of the Board and shareholders, if required, in accordance with this policy.

The approval of Audit Committee, Board or shareholders, as may be required under this Policy shall be taken prior to entering into the Related Party Transaction.

A]Approval of Audit Committee

All Related Party Transactions shall require prior approval of Audit Committee either at a meeting or by resolutions by circulations.

However, 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 grant the omnibus approval in line with this policy on Related Party Transactions (including criteria for granting omnibus approval) 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;
- d. 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 per transaction.
- e. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
- f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

For transactions by the company with its wholly owned subsidiary, the aforesaid conditions/requirements regarding omnibus approval shall not be applicable.

Any member of the Committee who has a potential interest in any Related Party Transaction will abstain from discussion and voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

The Audit Committee shall be entitled to seek professional advice/ opinion relating to concerns, if any, in the above matter.

Criteria for granting approval (including omnibus 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:

- i) whether the transaction is in the ordinary course of business of the company.
- ii) 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;
- iii) whether there are any undue compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- iv) whether the Related Party Transaction would affect the independence of the directors/KMP;
- v) whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- vi) where the ratification of the Related Party Transaction is allowed by law and is sought from the Committee, the reason for not obtaining the prior approval of the Committee and the relevance of business urgency and whether subsequent ratification would be detrimental to the Company; and
- vii) 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 Committee deems relevant.

Criteria for Arm's length Basis

In case of Sale transaction by Maithan Alloys Limited

- Price is determined in accordance with the relevant transfer pricing norms/rules as per the Indian Income Tax Act;
- In case of Purchase transaction by Maithan Alloys Limited
- Price is determined in accordance with the relevant transfer pricing norms/rules of the respective country;

B] Approval of Board of Directors

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case elects 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 at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

All the Related Party Transactions which are -

- not in the Ordinary Course of Business or not at Arm`s Length Basis; and
- all Material Related Party Transactions (other than transactions entered into by the company with its wholly owned subsidiary) shall also be brought before the Board and the Board shall consider and approve the Related Party Transaction at a meeting. The considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Any member of the Board who is interested or has a potential interest in any Related Party Transaction will not be present at the meeting during discussions on the subject matter of the resolution relating to such Related Party Transaction.

C] Approval of Shareholders

- i) All the Material Related Party Transactions (other than transactions entered into by the company with its wholly owned subsidiary) shall require prior approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

It is clarified that all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

- ii) All the Related Party Transactions, other than the Material Related Party Transaction, which are not in the Ordinary Course of Business or not at Arms' Length Basis shall, subject to the limits mentioned in Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, also require the approval of the shareholders through special resolution and the Related Parties shall abstain from voting on such resolution.

Transactions not requiring approval of Audit Committee, Board or Shareholders.

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

- i) Any transaction that involves the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.
- ii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and where all holders of such securities receive the same benefits pro rata as the Related Party.

Transactions not requiring approval of Board or Shareholders.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Board or Shareholders:

- i) Contracts entered into by the Company pursuant to section 297 of the Companies Act 1956, which already come into effect before the commencement of section 188 of the Companies Act, 2013, will not require fresh approval under section 188 of the Companies Act, 2013, till the expiry of the original term of such contracts. Thus if any modification in such contract is made on or after April 1, 2014, the requirements under section 188 of the Companies Act'2013 will have to be complied with.
- ii) transactions entered into by the company in the ordinary course of business with its wholly owned subsidiary.

5. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate in accordance with the provisions of companies Act, 2013 and the Listing agreement.

6. REPORTING AND DISCLOSURES

6.1. Details of all material Related Party Transactions shall be disclosed quarterly to the Stock Exchanges (where shares of the company are listed) along with the compliance report on corporate governance.

6.2 . The policy on dealing with Related party Transactions shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

6.3 Particulars of every contract or arrangement with Related Parties referred to in section 188 (1) of the Act shall be included in the Board`s Report to the shareholders along with justification for entering into the transaction in the prescribed Form AOC-2 .

6.4 A Register pertaining to Related Party Transactions shall be maintained by the company in accordance with the Companies Act, 2013, which shall be placed before the Board / annual general meeting as per the requirements of Companies Act, 2013.

6.5 Disclosure regarding Related Party relationship and transaction with them shall be made in the Financial Statements as per the requirements of relevant Accounting Standards.

7. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

This Policy shall 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.maithanalloys.com

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