

RELATED PARTY TRANSACTIONS POLICY

(Adopted by the Board of Directors on 28th January, 2019 to be effective from 1st April, 2019)

1. INTRODUCTION & PURPOSE

The Board of Directors ("Board") of Maithan Alloys Limited ("Company"), has adopted the following Policy and procedures with regards 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 required, in this Policy to the Board.

This Policy provides a framework to regulate transactions between the Company and its Related Parties (as defined herein below) based on the laws and regulations applicable to the Company.

This Policy is primarily based on Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") including Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof) and is primarily intended to ensure the governance and reporting of transactions between the Company and its Related Party(ies).

2. DEFINITIONS

- a) "Audit Committee" or "Committee" means Audit Committee constituted by the Board of Directors of the Company under the provisions of the Listing Regulations and the Companies Act, 2013.
- b) "Board of Directors" or "Board" means the Board of Directors of Maithan Alloys Limited.
- c) "Key Managerial Personnel" (KMP) means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;
- d) "Material Related Party Transaction" means a transaction with a Related Party to be entered into individually or taken together with previous transactions during a financial year, which exceeds 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 two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

- e) "Policy" means this Related Party Transactions Policy.
- f) "Related Party" shall mean Persons and Entities identified as per Regulation 2(1)(zb) the Listing Regulations.
- g) The expression "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.

All other words and expressions used but not defined in this Policy, but defined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall have the same meaning as respectively assigned to them in such regulations or any statutory modification or re-enactment thereto, as the case may be.

Further, all other words and expressions used but not defined in this Policy and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, but defined in the Companies Act, 2013 and/or the rules made thereunder shall have the same meaning as respectively assigned to them in such act or rules or any statutory modification or re-enactment thereto, as the case may be.

3. POLICY

3.1. Identification of Related Party

Each Director and KMP shall provide Notice to the Company regarding, persons and entities to be considered as 'Related Parties' of the Company. 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.

3.2. Identification of Potential Related Party Transactions

On the basis of notices received from Directors and KMP and the requirements of provisions of applicable laws, the Management shall identify and provide notice to the Board or the Audit Committee, as may be required, of any potential Transaction with Related Party including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

3.3. 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 through resolution passed by circulation unless otherwise provided under the applicable laws.

However, the Audit Committee may grant omnibus approval for Related Party Transactions (including unforeseen Related Party Transactions) proposed to be entered into by the Company subject to the provisions and conditions and prescribed under Listing Regulations and the Companies Act, 2013:

For transactions by the Company with its wholly owned subsidiary whose accounts are consolidated with the Company, 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 shall not be present at the meeting during the discussion and voting to approve 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 such factors as prescribed in Listing Regulations and Companies Act, 2013 read with Rules framed thereunder as well as 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;
- vii) whether the Related Party Transaction would present a conflict of interest for any Director or KMP 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 interest of the Director's, KMP's or other Related Party in the transaction and the ongoing nature of any proposed relationship and any other factors that the Committee deems relevant;
- viii) Other criteria for making the omnibus approval, if any, specified by the Audit Committee under provisions of the Companies Act, 2013 read with relevant rules made thereunder or under any other law, after approval of the Board; and
- ix) The maximum value of the transactions, in aggregate, which can be allowed under the omnibus route by the Audit Committee in a financial year shall not exceed Rs. 250 Crore per Related Party and the maximum value per transaction which can be allowed by the Audit Committee shall not exceed Rs. 10 Crore.

Criteria for Arm's length Basis

In case of Sale transaction by the Company:

- Price is determined in accordance with the relevant transfer pricing norms/rules as per the Income Tax Act, 1961;

In case of Purchase transaction by the Company:

- Price is determined in accordance with the relevant transfer pricing norms/rules of the respective country of seller.

B] Approval of the Board

- i) 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 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.

ii) 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(ies), whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval)

shall also be brought before the Board and the Board shall consider and approve the Related Party Transaction. 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.

iii) 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 and voting 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(ies), whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval) shall require prior approval of the shareholders through resolution and the Related Parties shall not vote to approve such resolution.

It is clarified that all persons and entities falling under the definition of related parties shall not vote to approve relevant transaction(s) irrespective of whether the person or 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 the Companies (Meetings of Board and its Powers) Rules, 2014, also require the approval of the shareholders through resolution and the Related Parties shall not vote to approve 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.

iii) transactions entered into by the Company in the ordinary course of business with its wholly owned subsidiary(ies), whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

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) Related Party Transactions outside the ambit of Section 188 of the Companies Act, 2013.

(iii) Shareholders approval shall not be required for transactions other than Material Related Party Transactions.

4. 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 Regulations.

5. REPORTING AND DISCLOSURES

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

5.2 Disclosure of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results shall be made to the Stock Exchanges (where shares of the Company are listed/traded) and shall be published on the Company's website (www.maithanalloys.com) within 30 days from the date of publication of its standalone and consolidated financial results for the half year.

5.3 This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report.

5.4 Disclosure regarding name of the Related Parties, nature of relationship and transactions with them shall be disclosed in the Financial Statements as per the requirements of applicable Accounting Standards.

6. OVERRIDING EFFECT

In case the regulations or provisions framed under any other law governing the Related Party Transactions are not consistent with the provisions laid down under this Policy, then such regulations or provisions shall prevail over the provisions of this Policy.

7. AMENDMENTS TO THIS POLICY

The Board 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.

8. COMMUNICATION OF THIS POLICY

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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